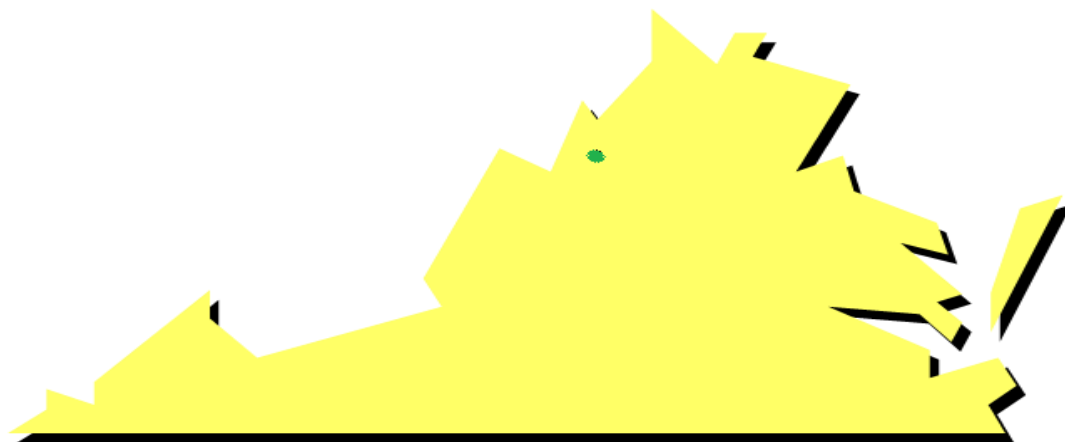


Virginia's Winery Business Plan Example



111 Winery Lane
Churchville, VA 11111
Phone: (111) 111-1111
Email: virginiaswinery@gmail.com
Website: <http://www.virginiaswinery.com>
Owners: William and Wendy Vine

Table of Contents

Table of Contents	2
Executive Summary	3
General Business and Industry Information.....	4
Business Information.....	4
Virginia Wine Industry	4
United States and International Wine Industry.....	4
Strategic Plan	6
Mission Statement	6
Goals.....	6
Legal and Institutional Plan	7
Legal Organization of the Winery	7
Licenses, Taxes & Fees.....	7
Laws and Regulations	8
General Winery Risk	8
Insurance	9
Management Plan.....	9
Virginia's Winery Organizational Chart	9
Job Description.....	10
Management Cost Estimate	10
Operations Staff Plan	11
Job Description.....	11
Employee Benefits Package.....	11
Operations Staff Estimate.....	11
Scheduling.....	12
Plan of Operations	12
Timeline	12
Hours of Operation	12
Suppliers	13
Production Process.....	13
Bottling and Labeling Process	14
Storage Process.....	14
Waste Management Process	14
Marketing Plan	15
Product	15
Target Market	17
Competitive Analysis	19
SWOT Analysis for Virginia's Winery.....	20
Price	21
Promotion	21
Place	22
Communication Plan	22
Financial Plan	23
Winery Establishment and Operating Costs Worksheets	23
Financial Statements	23
Financial Analysis	24
Contingency Plan	25
References	26
Appendices	28
Appendix A: Winery Establishment Worksheets	Appendix G: Financial Statements
Appendix B: Winery Daily Operating Costs Worksheet	Appendix H: Financial Analysis
Appendix C: Winery Establishment Capital Worksheet	Appendix I: Enterprise Budget
Appendix D: Cost per Bottle Worksheet	Appendix J: Financial Assumptions
Appendix E: Management Cost Estimate	Appendix K: Winery Layout
Appendix F: Operations Staff Estimate	

Executive Summary

Virginia's winery is looking to establish the second winery in Augusta County, Virginia. The winery will be located along Route 42 which is a major state route for individuals traveling from Augusta and Highland Counties into to get to Harrisonburg. We will be producing Cabernet Franc, Petit Verdot, Chardonnay, Vidal Blanc, and Blueberry Chardonnay wines in the first years of operation.

The winery's sustainable competitive advantage is that we are seeking to attract younger generation wine consumers through internet savvy marketing techniques which will consist of a flashy website that allows sales of wine through the internet. We will also be hosting a 5K Wine Run in conjunction with the Augusta County Track Club in Year 3 of operation to support local area runners and get our name out to public. In addition, Virginia's winery will host various special events such as weddings, business meetings and festivals throughout the year.

Virginia's winery will use three distribution channels in the beginning of operation to establish our winery which is retail sales (on-premise), retail sales (off-premise), and internet sales. These three channels will provide us with the most access to primary and secondary markets.

We will use a competitive pricing strategy listed below that is slightly below the other premium wineries in the area to attract the younger generation of wine consumers. In order to generate a profit, we will routinely analyze our costs to assure we are generating a modest profit to cover all our expenses.

Wine	Suggest Retail Prices	Competitors Retail Price Range
Cabernet Franc	Per Bottle \$17 Per Case \$194	Per Bottle \$11 - \$18 Per Case \$132 - \$216
Petit Verdot	Per Bottle \$19 Per Case \$217	Per Bottle \$19 Per Case \$228
Chardonnay	Per Bottle \$17 Per Case \$194	Per Bottle \$9 - \$18 Per Case \$108 - \$216
Vidal Blanc	Per Bottle \$15 Per Case \$171	Per Bottle \$10 - \$17 Per Case \$120 - \$204
Blueberry Chardonnay	Per Bottle \$16 Per Case \$184	Per Bottle \$20 - \$25 Per Case \$240 - \$300

Virginia's winery is seeking a term loan for 20 years and an operating line of credit for the following amounts to help cover the start-up costs of operating the winery.

Loan Requirements			
	2009	2010	2011
Term Loan	\$395,000	\$0	\$0
Total Operating Line of Credit	\$137,453	\$338,930	\$404,320

By Year 9 of operation the winery will break into a net income. At this point we will have an established customer base in our primary and secondary markets. In addition, we will be generating rental income from special events to cover all of our operating expenses and pay off our operating line of credit.

General Business and Industry Information

Business Information

I have always wanted to own and operate my own winery. My wife and I are considering opening a winery which will be located at 111 Wine Lane in Churchville, VA. We have 30 acres of land which has been in my family for 5 generations and 10 acres will be used to start Virginia's Winery. I currently own and operate a Waldron's Car Wash LLC which has 10 different locations throughout Augusta, Shenandoah, Rockingham, and Albemarle County. My son will become the President of the car washing businesses and I plan on focusing my time on the winery. A plat map and drawing of the layout of the current land and future plans for the winery are included in Appendix K. We currently grow one acre of wine grapes on the property which will be used in production of wine at Virginia's winery. However, we treat this one acre as a separate enterprise so in the financials of the business plan we use the market value to determine the cost of goods sold. We will be purchasing the rest of the wine grapes from surrounding vineyards to use in the wine making process. In the beginning of operation, Virginia's Winery will be producing 2 reds, 2 whites, and 1 desert wine.

Virginia Wine Industry

The state of Virginia currently has over 143 family-owned wineries which produce distinctive wines (Virginia Wineries Association 2009). The top five varieties produced in Virginia are Chardonnay, Cabernet Franc, Merlot, Cabernet Sauvignon, and Vidal Blanc (Virginia Agriculture - Facts and Figures 2008). According to Wine America, Virginia produced 966,423 gallons of wine from July 2006 to June 2007 which ranks it 12th in the nation. This is a 12% increase in wine produced from July 2005 to June 2006. Furthermore, the state of Virginia holds the largest percentage in the number of wineries in the Southeast region at 32.9%. The economic impact of the wine industry in 2003 for the state of Virginia was valued at over 95 million dollars (Wine America 2003).

The Virginia wine industry has been making news headlines across the globe the last couple of years. According to Travel Leisure magazine, Virginia was rated one of the top 5 wine regions in the World to visit in the Wine-Lovers Guide section of the magazine. In addition, the Virginia Tourism Corporation established October as "Virginia Wine Month". Wineries, restaurants, and other destinations will hold special events around the state during the month of October to celebrate the occasion (Virginia Tourism Corporation 2007). Furthermore, The Travel Industry Association ranks Virginia 8th for wine tourism in the United States based on the amount of money spent per trip (Virginia Tourism Corporation 2007). Overall, Virginia is increasing the amount of wine produced every year and expanding consumer's knowledge of the wine regions through various wine magazines and tourism corporations.

Wine consumption in Virginia has increased 3.6 % from 2004 to 2005 and it has increased 22% since 2000 (MKF Research LLC 2007). In Augusta, Rockingham and Rockbridge counties there are currently 5 wineries (Virginia Wineries Association 2009).

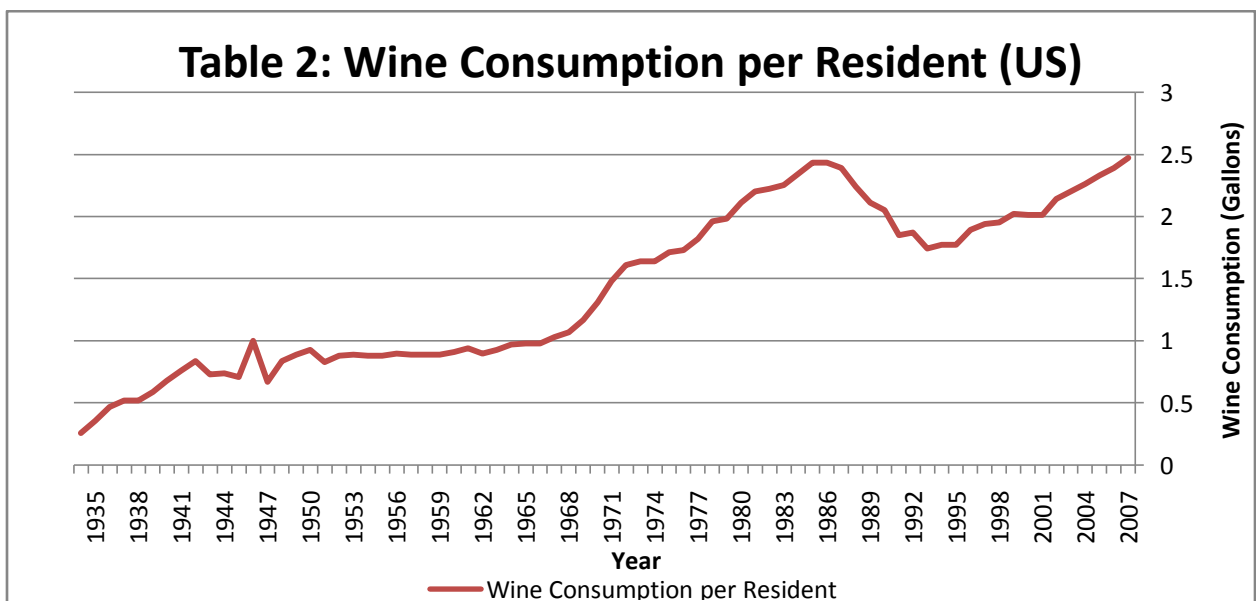
United States and International Wine Industry

The United States wine industry has seen a rapid increase in the number of wineries that are being established throughout the country. Since 1999, there has been an increase of 83 percent in the number of wineries in the United States. The United States is home to over 5,500 wineries which are spread throughout each of the 50 states (Wine America 2009). The U.S. wine industry employs about 33,500 full-time employees; this number does not take into account owner labor and seasonal employment (National Wine and Grape Initiative 2007). In addition, wineries are classified as one of the fastest growing segments in agriculture with an annual growth of 10 – 15 percent (Wurlitzer 2007). The top 5 wine producing states are California, New York, Washington, Oregon, and Florida. In July 2007, California was producing approximately 90 percent of the United States wine (Wine America 2007).

The United States is also experiencing growth in the revenue generated from the sale of wine. See Table 1 for increase in revenue to wineries from exports and the increase in gallons exported from 1994 through 2008 (Wine Institute 2008). In 2006, the United States and the European Union signed a wine-trade agreement which helped to create a more stable environment for United States wine producers to export wine to countries in the European Union. The U.S. has seen an increase of wine revenue from 5.6 billion dollars in 1995 to 10.7 billion dollars in 2006 (Goodhue, et al. 2007). Thus, in a little over 10 years the amount of revenue generated from wine sales has almost doubled.



Wine consumption by the average United States citizen has seen a steady increase over the past 15 years. In 2006, the wine consumers of the United States consumed 716 million gallons of wine. This equals 2.39 gallons per resident based on the total United States population for that year (Wine Institute 2008). See Table 2 for the total wine consumption per resident from 1935 to 2007. In addition, wine tourism is becoming a major attraction for United States citizens. The wine industry throughout the country saw an estimated 27 million visitors in 2007 (National Wine and Grape Initiative 2007). In summary, the United States has experienced an increase in the number of new wineries, the amount of revenue generated, and the amount of wine consumed per resident over the past 15 years.



Strategic Plan

Mission Statement

Virginia's Winery prides itself on providing quality wine to the millennial generation of consumers at competitive prices through creative marketing techniques in Augusta County and the surrounding counties. The winery provides wine to its customers using a friendly, knowledgeable tasting room staff. We offer products to a wide array of individuals through our unique tasting room. The winery will support the community by sponsoring 5K and 10K races around the surrounding area.

Goals

Short-Term Goals

- Produce 1,750 cases of wine in Year 1
- Produce five different varieties of wine in Year 1 of operation
- Attract individuals of the millennial generation to the winery which are 21 years and older
- Begin building a state-of-the-art processing, fermentation, and storage facility in January 2009
- Hire a experienced winemaker to help at the winery in Augusta 2009

Intermediate-Term Goals

- Create and host an annual 5K Wine Run with the Augusta County Track Club starting in 2011 which takes place at the winery
- Achieve at least \$175,000 in retail wine sales in Year 3 of operation
- Host 30 special events (business meetings and weddings) at the winery starting in Year 3 of operation
- Produce 2,200 cases of wine by Year 4 of operation
- Create and promote a weekend package of wine tasting and camping at the George Washington National Forest by Year 4
- Host 2 profitable festivals at the winery in Year 4 of operation
- Become a board member of the Virginia Wineries Association by Year 5

Long-Term Goals

- Have an attendance of over 300 people at the 5K Wine Run by 2014
- Attract over 150 customers per festival by 2014
- Have a wine club membership of 400 clients by 2016
- Become an executive member of the Virginia Wineries Association to help promote the well-being of the wine industry by Year 8 of operation

Legal and Institutional Plan

Legal Organization of the Winery

Virginia's Winery has decided to establish as a limited liability company because it allows William and Wendy Vine to establish the winery as a separate entity. The LLC will offer the owners a limit on the personal liability they incur through the business and profits (losses) will flow through their personal federal and state tax forms. William and Wendy will be the sole owners of the winery.

Licenses, Taxes & Fees

The following charts provide information on the taxes which occur on the sale of wine at the state and federal level.

State Tax Table on Wine	
Sales Tax	5 % (4% state tax and 1% local tax)
Other Taxes	Wine Sold through a state store \$ 0.02565/gallon (If under 4% or over 14%)

Federal Excise Tax Table		
Wine	Wine Gallon	750 ml bottle
14% Alcohol and Less	\$ 1.07 ¹	\$ 0.21
Over 14 to 21%	\$ 1.57 ¹	\$ 0.31
Over 21 to 24%	\$ 3.15 ¹	\$ 0.62

¹ \$0.90 credit, or for hard cider \$0.056, may be available for the first 100,000 gallons removed by a small winery not producing more than 150,000 w.g. per year (Taxes 2008)

The following tables list out the federal, state and local licenses that Virginia's winery will be obtaining to operate the winery.

Federal Licenses		
Source	Type of License	Description
TTB	Form 5120.25	Establish and Operate Application
TTB	Form 5100.24	Basic Application
TTB	Form 5120.36	Wine Bond
TTB	Form 5100.31	App. for Bottle/Label Approval
TTB	Form 5000.29	Environmental Information
TTB	Form 5000.30	Supplemental Information on Water Quality

State Licenses		
Source	Type of License	Description
Virginia ABC Department	Winery	5000 gallons or less annually
Virginia ABC Department	Wine Shipper	
Virginia ABC Department	Internet Wine Retailer	Orders via internet
Virginia Employment Comm.	VEC~FC-27	Unemployment Tax Liability
Employer ID Number		
State Corporation Comm.	LLC-1011	Articles of Org. for Dom. LLC
Virginia Dept. of Taxation	Form R-1	Business Registration

Local Licenses		
Source	Type of License	Description
Augusta County	Business License	tax levied after gross receipts > \$100,000
Augusta County	Special Events Permit	
VDH	Health Inspection	

Laws and Regulations

Virginia's winery is aware of the current law and regulations which are effective in Augusta County, Virginia, and the United States wine industry.

Self-Distribution

In the first years of the winery we will be selling our wine through cellar door sales and the internet. We are aware of the self-distribution law and we will not be using a wholesaler to distribute our wine in the first years of operation.

Land Use and Zoning Regulations

Virginia's Winery is not eligible to file for land use because you must have at least 5 acres of grapes in production on the land. We are only growing one acre of grapes and purchasing the rest of the wine grapes from vineyards in the area to use in the production of wine. The land for the winery is currently zoned for agricultural uses and we meet with the local zoning office to make sure we are permitted to own and operate a winery on the land.

Health Inspection Regulations

The kitchen in the tasting room will be certified by the health inspection office in Augusta County on a yearly basis to make sure it meets current specifications. The kitchen will be used in serving and preparing food during special events such as the 5K Wine Run which take place at the winery.

Building Code and Construction Regulations

Virginia's winery is working with a local construction company to discuss the building of the winery. The construction company and the owners of Virginia's winery have checked to make sure all of the building codes and permits for the fermentation, processing, and storage facility are allowed. In addition, the renovation of the old house and the building of the outdoor patio are also permitted.

General Winery Risk

The general risks of a winery are provided below along with how Virginia's winery will combat the unexpected risks which will affect the winery.

Risk	Check (if apply)	How to Protect Against
Production Risk		
Wine Quality	X	Have a secondary wine grape supplier to purchase grapes from
Operational Risk	X	Have insurance on machinery and wine equipment
Human Risk	X	Offer discounts on wine and wine products
Marketing Risk		
Regulatory Risk	X	Keep up-to-date with regulations and be willing to adjust
Legal Risk	X	Purchase liability insurance to cover lawsuits
Market Risk	X	Keep up-to-date with market trends to adapt to new markets
Financial Risk		
Credit Risk	X	Use excellent credit rating created with car washing business to acquire loan
Interest Rates	X	Keep credit score high through making payments on time

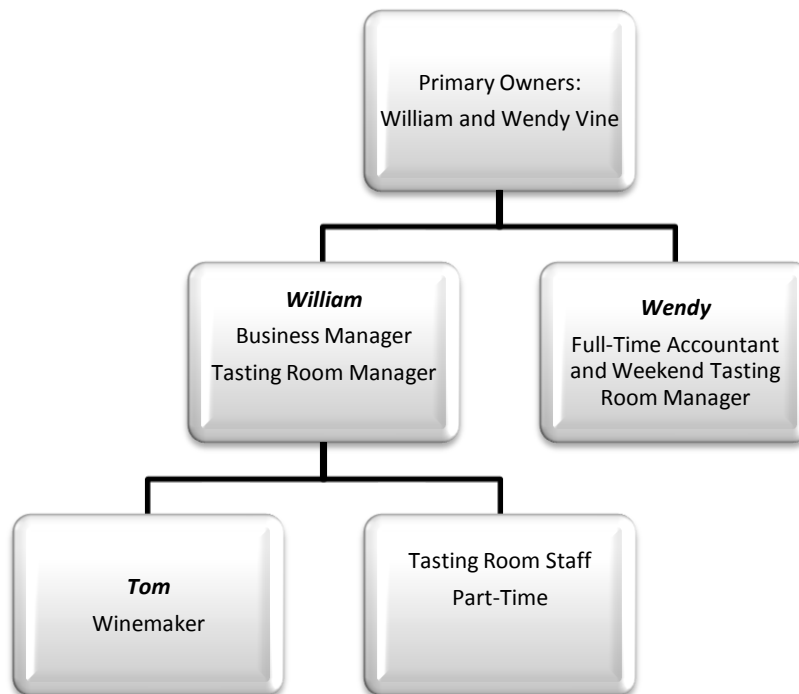
Insurance

Virginia's winery contacted a Wine Insurance Agency to get the following quotes for insurance premiums to own and operate a new winery. We worked closely with the agent to get the proper amount of insurance needed for our winery. The following chart lists the insurance type and annual premiums.

Yearly Insurance Premiums	
Type of Insurance	Annual Premiums
Property	\$ 2,000.00
Liability	\$ 1,000.00
Auto	\$ 500.00
Special Events	\$ 1,000.00
Key Person	\$ 700.00
Umbrella	\$ 1,000.00
Health Insurance	\$ 2,000.00
Total Cost	\$ 8,200.00

Management Plan

Virginia's Winery Organizational Chart



Job Description

The following table provides information on the daily tasks of each of the managers of Virginia's Winery. William will begin working on January 2009 when construction begins on the winery. Tom will begin working at the winery in August when we begin making the first production of wine at Virginia's winery.

Job Title	Daily Tasks
William Vine, Business Manager and Tasting Room Manager	<ul style="list-style-type: none">• Manages daily operations of the winery and the employees• In charge of the upkeep of the tasting room• Schedules group wine tastings during week• Helps operate mobile bottling unit• Helps perform grape processing tasks• Manages expenses and licenses of the winery• Develops wine tasting sheets and other promotion products• Organizes special events and Annual 5K Wine Run
Wendy Vine, Full-Time Accountant	<ul style="list-style-type: none">• Works in tasting room on weekends (when needed)• Schedules work hours of tasting room staff• Trains new and existing tasting room staff• Handles recordkeeping and tax information• Helps operate mobile bottling unit
Tom Grape, Winemaker	<ul style="list-style-type: none">• In charge of daily winemaking procedures at winery• Manages wine grape processing operations• Assists in purchasing grapes on contract and ordering wine making supplies• Helps operate mobile bottling unit• Help out with other tasks of operating the winery (when needed)

Management Cost Estimate

Virginia's Winery will have two full-time employees on payroll which are William and Tom. William Vine who is the owner and business manager of the winery will receive salary enough to cover his general living expense. The winemaker, Tom Grape is the second full-time employee. Wendy Vine will not be on the full-time employee on payroll but she will help out in the tasting room during the weekends when needed and during events hosted at the winery. She is also in charge of the accounting for the winery. William and Tom's salaries are provided below. The manager's receive a 5% increase in salary per year. See Appendix E for a specific management cost budget.

Management Cost Projections			
	2009	2010	2011
Winemaker	\$20,032	\$40,129	\$42,135
Business Manager	\$22,564	\$23,692	\$24,877
Total Management Costs	\$42,596	\$63,821	\$67,012

Operations Staff Plan

Job Description

The following chart describes the tasks that Virginia's Winery operational staff will perform through the year. The operations staff will help in the tasting room, with the bottling of finished wine, and with the grape processing tasks. Additional part-time help may be brought in to help with bottling and wine processing tasks if more help is needed during these times. Grape processing during the first year will consist of the owner's, winemaker, and the owner's family. The 3 tasting room staff will begin in October 2010 when the winery opens for business. Wendy will host a three day training session to discuss the proper techniques of serving wine and educate the employees on how to check for proper identification.

Job Title	Daily Tasks
Tasting Room Staff	<ul style="list-style-type: none">• Offer knowledge of different wines to customers• Promote various wine events and the wine club• Serve wine to tasting room customers• Clean wine tasting glasses and equipment• Operate cash register for wine and merchandise purchases• Work wine tasting events which are held on-premise and off-premise• Help operate mobile bottling unit• Help with grape processing tasks

Employee Benefits Package

Tom will receive an employee's benefit package which consists of Health Insurance and a SIMPLE IRA contribution which is set up by the winery. All full-time and part-time employees will receive a 10% discount on wine merchandise and a 10% discount on wine purchases.

Operations Staff Estimate

Virginia Winery plans to hire 3 part-time wine tasting staff employees to work the tasting bar. The employees will earn \$8 an hour and work an average of 8 hours per week. The operations staff estimate takes into account a 3% increase in labor costs per year. The staff employees will work on Friday, Saturday, and Sunday during the busy hours of the winery. The owners and winemaker will operate the tasting room when needed during the week from Monday thru Friday. The owners will also help in operating the tasting room during the weekends when needed. See Appendix F for a specific operations staff cost estimate.

Operations Staff Cost Projections			
	2010	2011	2012
Tasting Room Staff (3)	\$1,402	\$11,481	\$11,826
Total Operations Staff Costs	\$1,402	\$11,481	\$11,826

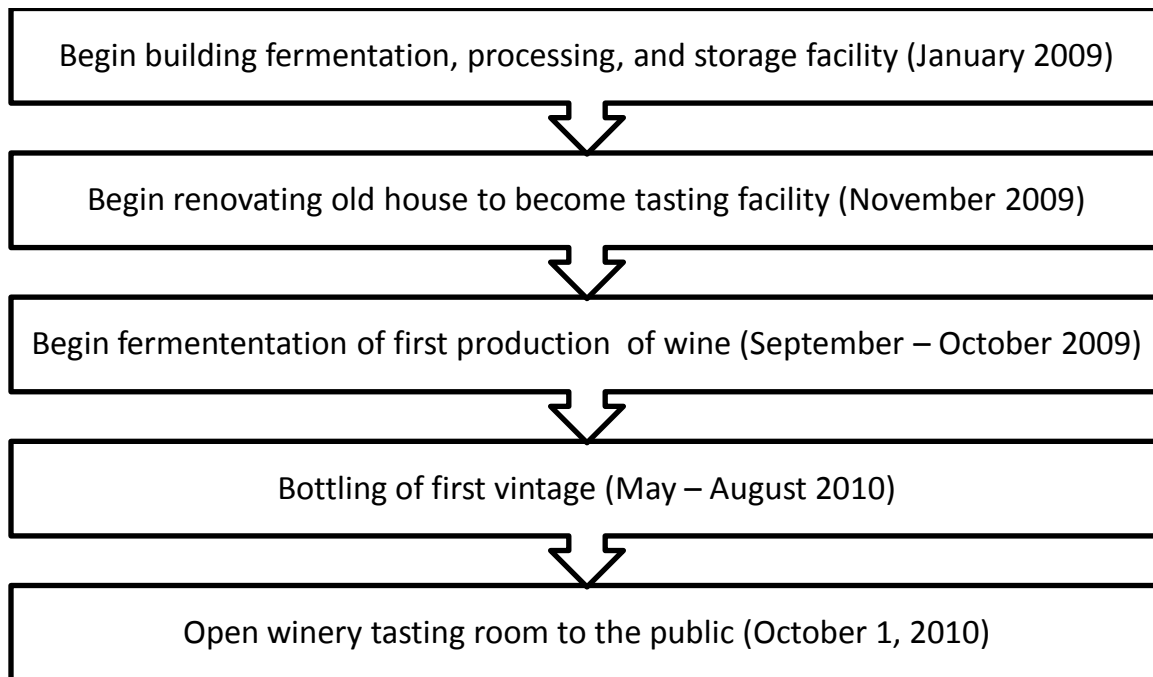
Scheduling

Listed below is a typical work schedule for each of the tasting room staff members. We plan to use college students from the surrounding colleges to seek employees. We understand they have a full course load in school, so we only have each employee working approximately 8 hours a week.

Typical Work Week Schedule							
Name	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Staff 1						10 - 6	
Staff 2							10 - 6
Staff 3	10 - 6						

Plan of Operations

Timeline



Hours of Operation

Virginia's winery will be open 7 days a week from 10 am to 6 pm. On Friday, Saturday, and Sunday the winery will remain open from 6 pm to 10 pm to accommodate any business meetings, weddings, and other events that may take place at that time. The winery chooses to operate these hours because of the location along State Route 42 where the average annual daily traffic count is 1700 per day (Virginia Department of Transportation 2007). In addition, the winery plans to make approximately 96% of our sales out of the tasting room which requires the winery to be open daily to attract customers.

Suppliers

The winery will have contracts set up with local vineyards in the state of Virginia to purchase grapes to use in production. The winery will carefully select vineyards that produce high quality wine grapes varieties that meet our product mix. We will set up monthly meetings to view the grapes at the vineyards throughout the growing season to inspect the crop. Virginia's winery will purchase the used equipment such as the fermentation tanks, destemmer/crusher, and membrane press from well-known dealers throughout the United States. We will purchase 1 ton of grapes for every 150 gallons of wine produced. If the primary supplier is unable to meet the demand of wine grapes needed then we will purchase wine grapes from another grower in the area.

Production Process

Red wine making process (Jenster, et al. 2008) –

1. Grapes arrive in holding bins from the grape grower in late September or early October
2. Bines are dumped into the destemmer/crusher
3. Stems are removed from the grapes and the grapes are crushed
4. Skins and juice flow through the transfer line into the fermentation tanks
5. The fermentation process begins
6. After 1 to 3 weeks the wine is racked to remove the skins and sediment
7. The grape skins, seeds, and stems are placed in holding bins for delivery to a local farmer to use for fertilizer
8. After 3 weeks the wine is transferred into oak barrels for the 8 - 9 months of the production process
9. Wine is racked every 3 – 6 months to remove sediment
10. Cabernet Franc and Petit Verdot are aged for 8 - 9 months in oak barrels
11. They are bottled and allowed to age for 2 - 4 months in bottles before they are ready for sale

White wine making process (Jenster, et al. 2008) –

1. Grapes arrive in holding bins from grape grower in late September or early October
2. Bins are dumped into membrane press and juice is extracted
3. A conveyor transports pressed grapes to destemmer/crusher
4. The stems are separated from the grapes and grapes are crushed
5. Grapes are run back through the membrane press for a second extraction of juice
6. The juice flows through the transfer line into the fermentation tanks
7. Seeds, stems, and skins are placed back in the holding bins for delivery to a local farmer to use for fertilizer
8. The fermentation process begins
9. The wine is racked after one week to remove any sediment
10. The wine is racked every 3 – 6 months to remove sediment
11. Chardonnay and Vidal Blanc are aged in for 7 - 9 months in stainless steel
12. They are then bottled and allow to age for 2 - 4 months in the bottles before they are ready for sale

1. Grapes arrive in holding bins from grape grower in late September or early October
2. Blueberries are purchased in holding bins from blueberry producer in the region in June and frozen until used in wine production
3. Blueberries are thawed before processing begins
4. Bins of wine grapes and blueberries are dumped into membrane press in early October and juice is extracted
5. Conveyor transports pressed grapes to destemmer/crusher
6. The stems are separated from the grapes and the grapes are crushed
7. Grapes are run back through the membrane press for a second extraction of juice
8. The juice flows through the transfer line into the fermentation tanks
9. Seeds, stems, and skins are placed back in the holding bins for delivery to a local farmer to use for fertilizer
10. The fermentation process begins
11. The wine is racked after one week to remove any sediment
12. The wine is racked every 3 - 6 months to remove sediment
13. Blueberry Chardonnay is aged for 7 - 9 months in stainless steel
14. The wine is bottled and allowed to age for 3 - 4 months in the bottle before it is ready for sale

Bottling and Labeling Process

Virginia's winery will use a mobile bottling unit in the state of Virginia to perform all of the bottling at the winery. The winery will pay the bottling unit operator a fee based on the number of cases bottled to perform the services at the winery. The tasting room staff, winemaker, and owners of the winery will help in the procedure of bottling wine. The mobile bottling unit fills the bottles, inserts corks in the bottles, places capsules on the bottles, and labels the bottles. This mobile bottling unit will be used, because it will lower the overhead costs of the operating the winery due to the expensive cost of purchasing our own bottling and labeling line.

Storage Process

A processing, fermentation, and storage facility will be built on the premise to accommodate the new winery. The first level of this facility will be where the processing and fermentation of wine takes place. The second level will be used to store the wine fermenting in oak barrels and for storage of bottled wine. The whole facility will maintain a temperate between 55° and 60°. Wine inventory will be assessed weekly through wine receipts to help regulate inventory when effects cash flow of the winery. A pole barn is located behind the processing, fermentation, and wine storage facility will be used for the storage of wine packaging materials, machinery and equipment. As noted before we will have insurance on the wine inventory.

Waste Management Process

We will place grape byproducts created during production of wine back into the picking bins. The byproducts will be sold to a local farmer in the area to use as fertilizer. We will record the sale date, name of farmer, and amount of byproducts which are sold to follow Augusta County best management practices. In addition, we will fill out the 5000.29 and 5000.30 forms with the TTB which deal with the dispose of waste products of a winery.

Marketing Plan

Product

Virginia Winery plans on producing five wines in the first 3 years of operation. The first wine we choose to produce is Cabernet Franc because it is becoming known as one of the premier wine grapes used to produce a unique Virginia wine. This wine will appeal mainly to our secondary market but as the primary target market drinks more wine they will appreciate its flavors.

Cabernet Franc	
2010	
Item	Type of Item
Bottle	W 5 Flint 750 ml
Closure	Synthetic Cork
Capsule	Plastic Metallic Green Colored

The second wine we chose to produce is Petit Verdot because it tends to produce a rich wine and it is age worthy if the Petit Verdot grape is allowed to ripen. We chose to produce this wine because we can allow it to mature for 9 months in the barrel to bring out more aromas.

Petit Verdot	
2010	
Item	Type of Item
Bottle	W5 Flint 750 ml
Closure	Synthetic Cork
Capsule	Plastic Maroon Colored

Chardonnay is the third wine Virginia's winery chose to produce because this is a white wine that will appeal to both the primary and secondary market. In addition the Chardonnay grape takes up the largest percentage of grapes grown in Virginia so it will be easy to access high quality wine grapes to use in production.

Chardonnay	
2010	
Item	Type of Item
Bottle	Antique Green 750 ml
Closure	Synthetic Cork
Capsule	Plastic Shiny Gold Colored

The next wine we chose to produce is Vidal Blanc because the Vidal Blanc grape tends to grow well in colder climates. The grape is generally used to produce a semi-sweet wine which will appeal to our primary target market.

Vidal Blanc	
2010	
Item	Type of Item
Bottle	Antique Green 750 ml
Closure	Synthetic Cork
Capsule	Plastic Silver Colored

The fifth wine we chose to produce at Virginia's winery is Blueberry Chardonnay. This will be a desert wine that will appeal to the younger generation of wine drinkers that is our primary target market. The wine will consist of primarily 85% chardonnay and 15% blueberry. We will purchase a late harvest chardonnay with high residual sugar content and add blueberries to give the wine a light purple color.

Blueberry Chardonnay	
2010	
Item	Type of Item
Bottle	Altus Flint 375 ml
Closure	Synthetic Cork
Capsule	Plastic Silver Colored

Virginia's winery will begin producing 1750 cases of wine in year 1 and move to 2075 cases by year 3. The winery target market is younger professionals from the ages of 21-32 so we will product 950 cases of sweet and semi-sweet wine to appeal to those individuals. Listed below is the three year forecast of wine production by case for Virginia's winery.

Three Year Forecast of Wine Production by Case			
	2009	2010	2011
Cabernet Franc	300	325	375
Petit Verdot	225	240	280
Chardonnay	275	285	320
Vidal Blanc	350	375	425
Blueberry Chardonnay	600	625	675
Total Case Production	1750	1850	2075

Virginia's winery will allow individuals or businesses to rent the facilities to host events. We will provide tables and chairs for the events. Wine tastings can take place at the events with prior notice to obtain the necessary permits to allow alcohol at the event.

Meeting Room # 1 Capacity	24
Meeting Room # 2 Capacity	16
Whole Facility Capacity	250

Target Market

The Millennial generation or Generation “Y” is driving new growth in the wine industry as they saw a 46% percent increase in wine consumption compared to 23% for Generation “X”, 7% for Baby Boomers, and -1% for those 63+. The Millennial generation also has a higher percentage of consumers who belong to at least one wine club with 20%. Generation “X”, Baby Boomers, and Aged 63+ have 11%, 4%, and 6% respectively (Wine Market Council 2008).

Demographics

	Staunton, VA	Augusta County, VA	Harrisonburg, VA	Rockingham County, VA
Population	23, 525	70,031	43,430	72,551
Per Capita Income	\$21,107	\$23,354		\$23,966
\$50,000 and above inflation adjusted income	3,622	6,405	4,651	14,323
Associates degree and above	4,705	11,236	6,824	12,193
21 – 32 years of age	4,146	12, 209	12,643	12,674
60 and above	5,879	13,537	5,019	13,740
Males 21 years and over	8,089	26,885	12,622	26,152
Females 21 years and over	9,831	25,935	13,456	26,468

Information taken from (United States Census Bureau 2005-2007)

College and University Enrollment in the area

Wine University – 18,000 students

Grape College – 1,600 students

Generation “Y” or Millennial generation Trends and Statistics (Caputo January 2007)

Makes up 20% of population or over 70 million people

People born from 1977 to 1994

Technologically savvy

Central Virginia Profile	
Variable	Result
Typical Age	>50
Graduate Degree	50 %
Typical Annual Household Income	>\$100,000
Mean Length of Residency	33 Years
Mean 1999 Winery Visits	2 visits
Mean Visit Wineries in Other States	43 %
Mean Length of Trip	2 days
Mean Weekly Wine Purchases	1 Bottle
Mean Monthly Virginia Wine Purchases	1.5 Bottles
Most Typical Purchase Place	Grocery Store and Specialty Store

Note n = 30 Table Taken from (Adams 2001)

Primary Market

Virginia Winery primary target market is young professionals and college students from the age of 21 to 32. This age bracket is showing trends of becoming a wine drinking but they are still not heavily marketed towards. Listed below is a customer profile for the primary market to which Virginia's winery plans to focus their primary marketing efforts to attract.

Customer Profile	
Age	21-32
Gender	Male and Female
Education	Associates Degree and above
Location	Augusta and Rockingham County
Interests	Hanging out and socializing with friends Taking a break from school or work
Income Range	\$20000 - \$50000
Best way to connect	Radio – 93.7 fm, 100.7 fm, 104.3 fm, and 95.5 fm Social Network – Facebook© Website – Virginia Wineries Association
Wine Preferences	Sweet to Semi - Sweet
Wine Consumption	2 - 3 bottle per month
Potential Customer Base	41,672
Market Share (1%)	416

Secondary Market

The secondary market is retired wine consumers in Augusta and Rockingham counties who are 60 years old and above. The largest city in Augusta County, Staunton, is in the process of renovating the city to attract retired individuals to live in the area. Therefore, Virginia's winery plans to attract this age bracket which consumes the most amount of wine per week.

Customer Profile	
Age	60 yrs old and above
Gender	Male and Female
Education	Associates Degree and above
Location	Augusta and Rockingham Counties
Interests	Socializing with other retired individuals Traveling
Income Range	Retired
Best way to connect	Magazines – Virginia Wine Lover Newspaper – The Daily News Leader and The Daily News Record Virginia Wineries Association – Virginia Wine Trail Guide
Wine Preferences	Semi - Dry to Dry
Wine Consumption	1 – 2 bottles per week
Potential Customer Base	38,175
Market Share (0.5%)	190

Competitive Analysis

There are 5 wineries located in Augusta County and the surrounding counties. All of these wineries are direct competitors because they produce and sell wine to the same target market as Virginia Winery. The indirect competitors of Virginia's Winery are ABC stores, grocery stores, and a wine shop that sell wine in Augusta County.

Name of Winery or Store	Quality Winery
Address	432 Quality Wine Lane Harrisonburg, VA 22801
Hours of Operation	Mon. – Sat. 10 – 6 Sun. 12 – 6. Open Year Round
Direct or Indirect Competitor	Direct
Products Offered And Prices	Whites: Vidal Blanc \$17 Traminette \$15 Reds: Cabernet Franc \$ 18 Merlot \$ 17 Cabernet Sauvignon \$ 20 Dessert: Blackberry Merlot \$ 23
Distribution Channels	Internet Sales Retail (On Premise) Retail (Off Premise)
Website Critique	Very user-friendly website
Wine Club(s)	Quality Wine Club
Wine Events	Weddings & Business Meetings
Wine Trail (s)	Member of Shenandoah Valley Wine Trail
Tour or Tasting Fees	\$ 0
Shipping Destinations	VA
Other Comments	Scenic view of the Shenandoah Valley Knowledgeable, friendly staff

Name of Winery or Store	Commonwealth Winery
Address	111 Winery Way Lane Verona, VA 24482
Hours of Operation	April – December Sun-Wed 2 – 6 Thurs-Sat 10 - 6
Direct or Indirect Competitor	Direct
Products Offered And Prices	Whites: Chardonnay \$18 Riesling \$14 Reds: Petit Verdot \$ 19 Merlot \$ 16 Cabernet Sauvignon \$ 18
Distribution Channels	Internet Sales Retail (On Premise) Retail (Off Premise)
Website Critique	Simple, Basic Website Hard to navigate through web pages Difficult to order wine online
Wine Club(s)	Case Club
Wine Events	Wine Dinners and Case Club Member Events
Wine Trail (s)	Member of Shenandoah Valley Wine Trail
Tour or Tasting Fees	\$ 2
Shipping Destinations	VA and Washington DC
Other Comments	Hobby Winery

Name of Winery or Store	ABC Store
Address	132 Lee Jackson Highway Staunton, VA 24401
Hours of Operation	Mon - Sat 10 – 9
Direct or Indirect Competitor	Indirect
Products Offered And Prices	Whites Table Wine: \$ 6 - \$ 24 Reds Table Wine: \$ 6 - \$ 20 Rose Table Wine: \$ 6 - \$ 11 Fruit Wine: \$ 6 Miscellaneous Wine: \$ 6 - \$ 11
Distribution Channels	Retail Sales
Website Critique	N/A
Wine Club(s)	N/A
Wine Events	N/A
Wine Trail (s)	N/A
Tour or Tasting Fees	N/A
Shipping Destinations	N/A
Other Comments	Wine products are available throughout all Virginia ABC Store

SWOT Analysis for Virginia's Winery

The following is a SWOT analysis of how Virginia's winery compares to other direct and indirect competitors in the same area.

Strengths:

Location: Located along Route 42 which has a traffic count of 1700 automobiles per day

New Reputation: customers willing to try new products from Virginia's winery

Target Market: targeting younger generation of wine drinkers

Winemaker has 10 years of experience working at established winery in California

Weaknesses:

Brand awareness: customers unaware of winery and wine products offered

Owner has no experience of owning and operating a winery

Price points are at higher end of competitor's ranges due to the quality of wine produced

Opportunities:

Open a restaurant at the winery to attract new customers

Offer more wine festivals on site which appeal to target market

Addition of new varieties of wine into product mix

Threats:

Regulations on self-distribution and land use

Other competitors entering Augusta and Rockingham County

Rising costs of inputs (grapes and packaging goods) used to produce and package wine

Price

Virginia Winery will produce 5 varieties of wine. We will use a competitive pricing strategy to price the Cabernet Franc, Petit Verdot, Chardonnay, and Vidal Blanc. For the Blueberry Chardonnay we will use a penetration pricing strategy to attract our primary target market of young adults who will typically begin drinking sweet desert wine. Customers who purchase one or more cases of wine at one time will receive a 5% discount on their overall purchase. See Appendix D for a cost per bottle worksheet which is included in the financials of the business plan which examines all of the costs of producing each variety of wine.

Wine	Suggest Retail Prices	Competitors Retail Price Range
Cabernet Franc	Per Bottle \$17 Per Case \$194	Per Bottle \$11 - \$18 Per Case \$132 - \$216
Petit Verdot	Per Bottle \$19 Per Case \$217	Per Bottle \$19 Per Case \$228
Chardonnay	Per Bottle \$17 Per Case \$194	Per Bottle \$9 - \$18 Per Case \$108 - \$216
Vidal Blanc	Per Bottle \$15 Per Case \$171	Per Bottle \$10 - \$17 Per Case \$120 - \$204
Blueberry Chardonnay	Per Bottle \$16 Per Case \$184	Per Bottle \$20 - \$25 Per Case \$240 - \$300

Virginia's winery will host wedding, business meetings, and other special events at the winery. One tasting room staff member or owner will be on hand at each of the events.

Rental Pricing List	
Room	Cost
Meeting Room # 1	\$350
Meeting Room # 2	\$200
Whole Facility	\$1500

Promotion

Virginia's winery plans to promote mainly to its primary market of generation "Y" individuals. During the second year of operation Virginia's winery plans to use the following promotional strategies to reach their market.

Promotion			
2010			
Type of Promotion	Objective	Start-up Costs	Annual Costs
Virginia Wineries Association	Membership	\$ -	\$ 300.00
Winery Website	Attract Generation "Y"	\$ 3,500.00	\$ 375.00
Shenandoah Valley Wineries Assoc.		\$ -	\$ 150.00
Wine Club eNewsletter		\$ -	\$ -
Winery Entrance Sign		\$ 1,500.00	\$ -
Virginia Logos Inc. Signs	Mainline Sign Bridgewater Exit	\$ -	\$ 1,000.00
Virginia Logos Inc. Signs	Trailblazer Business Logo (3)	\$ -	\$ 450.00
Virginia Logos Inc. Signs	Mainline Sign Staunton Exit	\$ -	\$ 1,000.00
Virginia Logos Inc. Signs	Trailblazer Business Logo (3)	\$ -	\$ 450.00
Total Costs		\$ 5,000.00	\$ 3,725.00

Virginia's winery will host an annual 5K Wine Run which takes place at the winery on April 24, 2011. The goals of the event is to attract runner's from Augusta County and the surrounding counties to attend a 5K and visit the tasting room after the event for wine tasting for those who are 21 years and older. The event will be co-sponsored with the Augusta County Track Club. A special events permit and additional liability coverage are accounted for in the financials of the business plan.

Blue Ridge Outdoors Magazine – a free monthly magazine that reaches 250,000 people from Washington D.C to Atlanta through outdoor stores, fitness centers, restaurants, and gear shops

Promotion		
2011		
Type of Promotion	Objective	Annual Costs
Virginia Wineries Association		\$ 300.00
Winery Website	Attract Generation "Y"	\$ 900.00
Shenandoah Valley Wine Trail		\$ 150.00
Wine Club eNewsletter		\$ -
Virginia Logos Inc. Signs	Mainline Sign Bridgewater Exit	\$ 1,000.00
Virginia Logos Inc. Signs	Trailblazer Business Logo (3)	\$ 450.00
Virginia Logos Inc. Signs	Mainline Sign Staunton Exit	\$ 1,000.00
Virginia Logos Inc. Signs	Trailblazer Business Logo (3)	\$ 450.00
Facebook © 2009	Post 5K Wine Run Event	\$ -
Blue Ridge Outdoors	Advertise 5K Wine Run for 3 months	\$ 150.00
Sign Pro	Signs and Banners for 5K Wine Run	\$ 400.00
Sayre Enterprises	5K Wine Run Shirts	\$ 300.00
Total Costs		\$ 5,100.00

Place

Virginia's Winery plans on using three distribution channels in the beginning of the winery to distribute their wine and winery merchandise to consumers. The primary channel is retail (on-premise) sales which is the sale of wine directly to consumers at the winery. The second distribution channel is retail (off-premise) because we plan to attend two festivals per year to help promote the winery to the public. The last distribution channel is internet sales because we are targeting the younger generation who is technologically savvy. Therefore, Virginia's winery is going to obtain an internet wine retailer and wine shipping licenses to be able to allow internet sales in only the state of Virginia in the beginning years of the winery.

Projected Sales at Distribution Channels in Percentage of Wine Production			
	2010	2011	2012
Retail(On-Premise)	96%	93%	90%
Retail (Off-Premise)	0%	1%	3%
Internet	4%	6%	7%
Gross Sales	100%	100%	100%

Communication Plan

Virginia's Winery will personally invite all of the neighbors whose property surrounds the wineries to attend all of the festivals which take place on the premise. The neighbors will be allowed free admission to the festivals. This will help to lower the risks of neighbors complaining about the noise and excessive traffic flow to the winery during these events.

Financial Plan

Winery Establishment and Operating Costs Worksheets

There is a detailed list of all of the capital purchases needed for Years 1, 2, and 3 for Virginia's Winery is provided in Appendix A. Appendix B provides a detailed list of the operating costs for the first three years of the winery. In Appendix C there is a Winery Establishment Cost Worksheet provides the total establishment costs for the winery. A ripple effect of 15% is included in the worksheet to account for unexpected costs that may have been left. We are assuming that we can take out an operating line of credit to cover the first three years of the business in which we will be making interest-only payments. The interest payments will be made from my existing business income of the car washing business to help the operation get up and going. After three years we will be generating enough income to begin paying back the operating line of credit.

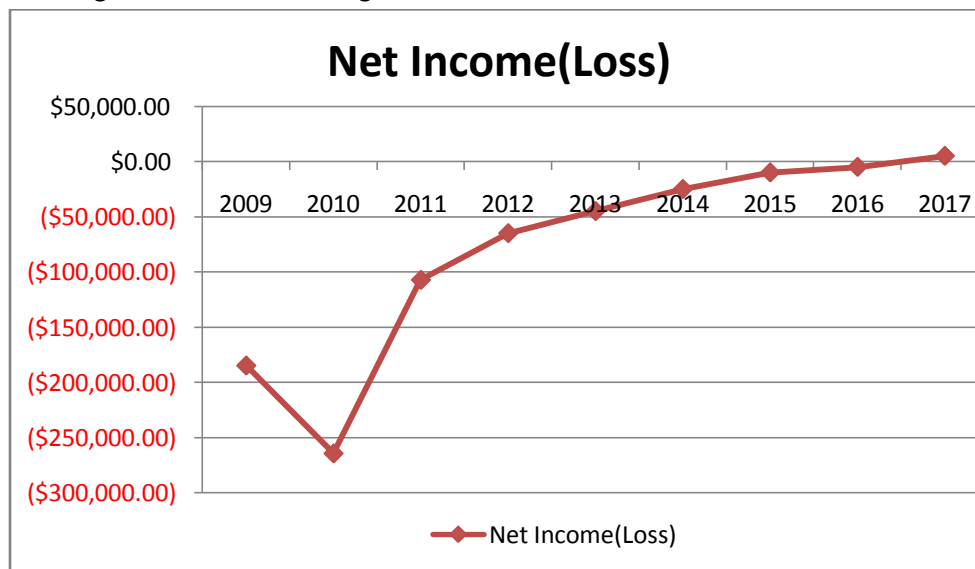
Loan Requirements			
	2009	2010	2011
Term Loan	\$494,042	\$0	\$0
Total Operating Line of Credit	\$137,453	\$338,930	\$404,320

Financial Statements

An overview of the first three years of financials is provided below. A detailed set of financials (balance sheet, cash flow, and income statement) are provided in Appendix G.

	2009	2010	2011
Balance Sheet			
Total Assets	\$550,897	\$544,527	\$798,726
Total Liabilities	\$395,000	\$521,976	\$717,663
Total Owner's Equity	\$155,897	\$22,551	\$81,063
Cash Flow			
Total Inflows	\$0	\$23,361	\$190,284
Total Outflows	\$137,453	\$224,838	\$254,178
Income Statement			
Net Income(Loss)	(\$184,831)	(\$264,409)	(\$107,268)

Provided below is a 9 year projection of the net income (loss) of Virginia's winery. By year 9 of operation the winery will have an established customer base, a profitable 5K Wine Run, and be hosting numerous winery events such as wedding and business meetings.



Financial Analysis

The following table shows the calculated financial ratios for debt/asset, current ratio, and debt coverage. A financial ratios calculator is included in Appendix H.

Financial Ratios Calculator			
	2009	2010	2011
Debt/Asset Ratio			
Enter Total Assets	\$550,897	\$544,527	\$798,726
Enter Total Liabilities	\$395,000	\$521,976	\$717,701
Ratio	72%	96%	90%
Current Ratio			
Enter Current Assets	\$74,440	\$121,216	\$428,560
Enter Current Liabilities	\$10,477	\$148,559	\$356,056
Ratio	\$7.10	\$0.82	\$1.20
Debt Coverage Ratio			
Enter Earning Before Taxes	\$0	\$0	\$0
Enter Depreciation	\$53,145	\$53,145	\$53,145
Enter Interest	\$27,410	\$43,426	\$22,405
Enter Income Taxes	\$0	\$0	\$0
Enter Annual Loan Payments	\$10,477	\$11,106	\$17,089
Ratio	\$7.69	\$8.70	\$4.42

The following table is a breakeven table that is included in Appendix H. This table shows the number of bottles needed to breakeven, the number of cases needed to breakeven, and the number of customers the winery needs to see to breakeven.

Breakeven Calculator			
	2009	2010	2011
Breakeven Bottles Sold			
Enter Total Fixed Cost per Year	\$105,179	\$142,344	\$119,455
Enter Average Retail Price per Bottle	\$17	\$17	\$17
Enter Average Variable Cost per Bottle	\$14	\$14	\$13
Breakeven Bottles to Sell	38382	43951	27862
Breakeven Cases Sold			
Enter Total Fixed Cost per Year	\$105,179	\$142,344	\$119,455
Enter Average Retail Price per Case	\$192	\$192	\$192
Enter Average Variable Cost per Case	\$169	\$163	\$150
Breakeven Cases to Sell	4612	4945	2888
Breakeven Customers			
Enter Total Fixed Cost per Year	\$105,179	\$142,344	\$119,455
Enter Average Amount Spend per Customer	\$17.00	\$19.00	\$20.00
Enter Average Variable Cost per Customer	\$15.00	\$15.00	\$14.00
Customers Needed to Breakeven	3287	4187	3513

Contingency Plan

Virginia's winery has taken the time to consider how the winery will handle the following circumstances.

Exceeding Expectations	Not Meeting Expectations	Getting Out of Business
Expand target market area	Analyze all expenses	Liquidate winery assets
Expand winery production capacity	Re-evaluate target market	Utilize the winery buildings for other uses
Expand size of tasting room area	Evaluate pricing strategy	Terminate winery licenses
Purchase additional wine grapes	Analyze wine sales outlets	

We have considered a secondary plan of action to help combat the following unexpected that may occur at the winery.

Unexpected Happening	Plan of Action
Lawsuit against winery	Liability Insurance Coverage
Suspended Winery License	Consult Virginia ABC Department to fix problem
Lack of quality grapes to meet goal of wine production	Additional capital available from operating line of credit or savings to purchase grapes on contract

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Appendices

Appendix A: Winery Establishment Worksheets
Appendix B: Winery Daily Operating Costs Worksheet
Appendix C: Winery Establishment Capital Worksheet
Appendix D: Cost per Bottle Worksheet
Appendix E: Management Cost Estimate
Appendix F: Operations Staff Estimate
Appendix G: Financial Statements
Appendix H: Financial Analysis
Appendix I: Enterprise Budget
Appendix J: Financial Assumptions
Appendix K: Winery Layout

Appendix A

Winery Establishment Capital Cost Worksheets

Year 2009

	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Real Estate and Building					
Site Preparation	1	\$ 10,000.00	\$ -	\$ 10,000.00	site preparation for farm. and proc. facility
Fermentation and Processing Facility	1500	\$ 90.00	\$ -	\$ 135,000.00	1500 sq feet facility (2 Levels)
Renovation of Old House	1700	\$ 40.00	\$ -	\$ 68,000.00	includes installation of a new septic and well
Site Preparation	1	\$ 2,500.00	\$ -	\$ 2,500.00	site preparation for outdoor patio
Outdoor patio	300	\$ 10.00	\$ -	\$ 3,000.00	300 sq feet patio
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Land	10	\$ 10,000.00	\$ -	\$ 100,000.00	Inherited from family
Total Real Estate and Building				\$ 318,500.00	
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Tasting Room					
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Total Tasting Room				\$ -	
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Office Equipment					
Computers	2	\$ 379.99	\$ -	\$ 759.98	HP Pavilion Slimline s3710t series
Software	1	\$ 150.00	\$ -	\$ 150.00	Point of Sale Inventory Software
Telephone	1	\$ 83.99	\$ -	\$ 83.99	Vtech Cordless Telephone with 2 Handsets
Printer/Copier/Fax Machine	1	\$ 149.99	\$ -	\$ 149.99	HP Officejet 6310
Computer Chair	2	\$ 69.99	\$ -	\$ 139.98	
Desks	1	\$ 159.99	\$ -	\$ 159.99	
Miscellaneous	1	\$ 500.00	\$ -	\$ 500.00	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Total Office Equipment				\$ 1,943.93	
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Machinery and Equipment					
Fork Lift	1	\$ 7,950.00	\$ 556.00	\$ 8,506.00	1998 Reconditioned Clark Electric Forklift
Pallet Jack	1	\$ 250.00	\$ 30.00	\$ 280.00	
Truck	1	\$ 15,000.00	\$ -	\$ 15,000.00	2003 Dodge Ram 2500 Pick-Up Truck
		\$ -	\$ -	\$ -	
Total Machinery and Equipment				\$ 23,786.00	

Appendix A

Year 2009 continued					
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Receiving Equipment					
Picking Bins	50	\$ 315.00	\$ 1,100.00	\$ 16,850.00	1/2 ton capacity
Membrane Press	1	\$ 18,000.00	\$ 1,260.00	\$ 19,260.00	1 ton per hour (Air Bladder)
Destemmer/Crusher	1	\$ 16,000.00	\$ 1,120.00	\$ 17,120.00	Puleo Vega 25
Scales	1	\$ 1,060.00	\$ 75.00	\$ 1,135.00	
Rotator Attachment	1	\$ 2,915.00	\$ 100.00	\$ 3,015.00	
Must Pump	1	\$ 4,800.00	\$ 75.00	\$ 4,875.00	Chunky Pump with 2.5" TC Fittings
Must Line	125	\$ 9.69	\$ 50.00	\$ 1,261.25	2.5" Food Grade
Sort Table with Conveyor	1	\$ 19,080.00	\$ 1,386.00	\$ 20,466.00	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Total Receiving Equipment				\$ 67,132.25	
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Cellar Equipment					
Transfer Pump	1	\$ 3,095.00	\$ 75.00	\$ 3,170.00	MonoScrew Pump 15 gal/min
Transfer Hose	175	\$ 5.12	\$ 50.00	\$ 946.00	1.5" Food Grade
Transfer Hose	200	\$ 5.12	\$ 50.00	\$ 1,074.00	1.0 " Food Grade
Valves and Clamps	1	\$ 2,000.00	\$ 20.00	\$ 2,020.00	various
Fitting Board	1	\$ 375.00	\$ 25.00	\$ 400.00	
Bulldog Pup	1	\$ 636.00	\$ 20.00	\$ 656.00	
Punch down Device	2	\$ 89.00	\$ 8.00	\$ 186.00	72" SS Pole with Foot
Stirring Rod	2	\$ 95.00	\$ 8.00	\$ 198.00	Stainless Steel
Sump and Screen	1	\$ 530.00	\$ 20.00	\$ 550.00	Stainless Steel
Plate & Frame and Lees Filter	1	\$ 11,660.00	\$ 900.00	\$ 12,560.00	
Plastic Buckets	5	\$ 4.00	\$ -	\$ 20.00	5 gallon
Carts	1	\$ 190.00	\$ -	\$ 190.00	
Shovels	1	\$ 74.95	\$ -	\$ 74.95	Food Grade Hygienic Shovel
Water Hose	2	\$ 42.95	\$ -	\$ 85.90	150'
SO ₂ Dispenser Canisters	1	\$ 318.00	\$ 8.00	\$ 326.00	
Flashlights	2	\$ 20.00	\$ -	\$ 40.00	
Funnels	2	\$ 8.75	\$ -	\$ 17.50	plastic 12" top with strainer
Tools	1	\$ 500.00	\$ -	\$ 500.00	various
Siphon Hose	45	\$ 1.51	\$ 5.00	\$ 72.95	1"
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Total Cellar Equipment				\$ 23,087.30	

Appendix A

Year 2009 continued					
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Lab Equipment					
pH Meter	1	\$ 112.00	\$ 8.00	\$ 120.00	Hanna pH/ATC Portable Meter
Microscope	1	\$ 3,710.00	\$ 10.00	\$ 3,720.00	
Spectrometer	1	\$ 3,180.00	\$ 20.00	\$ 3,200.00	
Vacuum Pump & Vacushield Membrane	1	\$ 379.00	\$ 25.00	\$ 404.00	
SO ₂ Titrator Kit	1	\$ 600.00	\$ 20.00	\$ 620.00	Hanna Automatic Free & Total SO ₂ Titrator
Incubator	1	\$ 53.00	\$ 25.00	\$ 78.00	
Small Pressurized Lab Filter	1	\$ 53.00	\$ 5.00	\$ 58.00	
Refractometer	1	\$ 105.00	\$ 5.00	\$ 110.00	Hand Refractor ATC 0-32 Brix
Hydrometer	4	\$ 25.99	\$ 3.00	\$ 106.96	Narrow Range 0-5, 5-10,10-15,15-20
Thermometer	2	\$ 5.60	\$ 2.00	\$ 13.20	Floating Thermometer
Balance	1	\$ 44.95	\$ 4.00	\$ 48.95	
Ebulliometer	1	\$ 888.00	\$ 5.00	\$ 893.00	Dujardin-Salleron Model #360
Burettes	1	\$ 87.00	\$ 2.00	\$ 89.00	
Dispensing Burettes	1	\$ 27.00	\$ 2.00	\$ 29.00	
Glass Thief	1	\$ 24.95	\$ 2.00	\$ 26.95	
		\$ -	\$ -	\$ -	
Total Lab Equipment				\$ 9,517.06	
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Fermentation and Storage					
Used tanks					
Cabernet Franc	1	\$ 6,744.00	\$ 500.00	\$ 7,244.00	1200 gallon jacketed stainless steel fermenter
Petit Verdot	1	\$ 5,620.00	\$ 500.00	\$ 6,120.00	1000 gallon jacketed stainless steel fermenter
Chardonnay	1	\$ 6,744.00	\$ 500.00	\$ 7,244.00	1200 gallon jacketed stainless steel fermenter
Vidal Blanc	1	\$ 6,744.00	\$ 500.00	\$ 7,244.00	1200 gallon jacketed stainless steel fermenter
Blueberry Chardonnay	1	\$ 8,992.00	\$ 500.00	\$ 9,492.00	1600 gallon jacketed stainless steel fermenter
Blending Tank	1	\$ 6,744.00	\$ 500.00	\$ 7,244.00	1200 gallon jacketed stainless steel fermenter
Glass Carboys	4	\$ 28.65	\$ 10.00	\$ 124.60	5 gallon
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Total Fermentation and Storage				\$ 44,712.60	

Appendix A

Year 2009 continued					
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Refrigeration Equipment					
Cooling and Heating Refrigeration Unit	1	\$ 6,600.00	\$ -	\$ 6,600.00	Glycol - Used
Set up for Fermentation Tanks	5	\$ 212.00	\$ -	\$ 1,060.00	Thermostats and Valves
Pipes	5	\$ 530.00	\$ -	\$ 2,650.00	From Chilling Unit to Tanks
Glycol	60	\$ 10.25	\$ -	\$ 615.00	50/50 mix
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Total Refrigeration Equipment				\$ 10,925.00	
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Cooperage Equipment					
Cooperage - Cabernet Franc	12	\$ 325.00	\$ 250.00	\$ 4,150.00	Refurbished American Oak 59 gallon
Cooperage - Petit Verdot	7	\$ 325.00	\$ 200.00	\$ 2,475.00	Refurbished American Oak 59 gallon
Barrel Washer	1	\$ 745.95	\$ 50.00	\$ 795.95	
Barrel Racks	10	\$ 99.00	\$ 100.00	\$ 1,090.00	Double Rack
Bungs	20	\$ 2.05	\$ 5.00	\$ 46.00	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Total Cooperage Equipment				\$ 8,556.95	
Total Investment 1st Year				\$ 508,161.09	

Appendix A

Winery Establishment Capital Cost Worksheets

Year 2010

	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Real Estate and Building					
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Total Real Estate and Building				\$ -	
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Tasting Room					
Silverware	3	\$ 35.99	\$ -	\$ 107.97	5 piece knife set
Glassware	100	\$ 5.50	\$ -	\$ 550.00	Customized Wine Glasses
Plateware	3	\$ 30.99	\$ -	\$ 92.97	5 piece plate set
Dishwasher	1	\$ 2,599.00	\$ 50.00	\$ 2,649.00	Commercial Dishwasher
Foldable Tables and Chairs	10	\$ 199.97	\$ -	\$ 1,999.70	Meeting Room # 1 and # 2
Computer	1	\$ 379.99	\$ -	\$ 379.99	HP Pavilion Slimline s3710t series
Credit Card Machine	2	\$ 165.00	\$ 12.65	\$ 342.65	Verifone Omni 3730LE
Corkscrews	4	\$ 6.50	\$ -	\$ 26.00	
Foil Cutter	4	\$ 7.95	\$ -	\$ 31.80	
Misc	1	\$ 300.00	\$ -	\$ 300.00	
		\$ -	\$ -	\$ -	
Total Tasting Room				\$ 6,480.08	
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Office Equipment					
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Total Office Equipment				\$ -	
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Machinery and Equipment					
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
Total Machinery and Equipment				\$ -	

Appendix A

Year 2010 continued					
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Receiving Equipment					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Receiving Equipment				\$	-
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Cellar Equipment					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Cellar Equipment				\$	-
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Lab Equipment					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Lab Equipment				\$	-
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Fermentation and Storage					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Fermentation and Storage				\$	-

Appendix A

Year 2010 continued					
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Refrigeration Equipment					
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
Total Refrigeration Equipment				\$ -	
<hr/>					
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Cooperage Equipment					
Cooperage - Cabernet Franc	14	\$ 325.00	\$ 275.00	\$ 4,825.00	Refurbished American Oak 59 gallon
Cooperage - Petit Verdot	10	\$ 325.00	\$ 250.00	\$ 3,500.00	Refurbished American Oak 59 gallon
Barrel Racks	12	\$ 99.00	\$ 100.00	\$ 1,288.00	Double Rack
Bungs	25	\$ 2.05	\$ 5.00	\$ 56.25	
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
Total Cooperage Equipment				\$ 9,669.25	
Total Investment 2nd Year				\$ 16,149.33	

Appendix A

Winery Establishment Capital Cost Worksheets

Year 2011

	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Real Estate and Building					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Real Estate and Building				\$	-
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Tasting Room					
Foldable Tables and Chairs	17	\$ 199.97	\$ -	\$ 3,399.49	Used for Special Events at the Winery
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Tasting Room				\$ 3,399.49	
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Office Equipment					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Office Equipment				\$	-
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Machinery and Equipment					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Machinery and Equipment				\$	-

Appendix A

Year 2011 continued					
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Receiving Equipment					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Receiving Equipment				\$	-
Cellar Equipment					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Cellar Equipment				\$	-
Lab Equipment					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Lab Equipment				\$	-
Fermentation and Storage					
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
	\$	-	\$	\$	-
Total Fermentation and Storage				\$	-

Appendix A

Year 2011 continued					
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Refrigeration Equipment					
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
Total Refrigeration Equipment				\$	-
<hr/>					
	Units	Cost/Unit	Plus Ship/Install	Total Cost	Description
Cooperage Equipment					
Cooperage - Cabernet Franc	2	\$ 530.00	\$ 40.00	\$ 1,100.00	New American Oak 59 gallon
Cooperage - Petit Verdot	1	\$ 530.00	\$ 40.00	\$ 570.00	New American Oak 59 gallon
Barrel Racks	2	\$ 99.00	\$ 15.00	\$ 213.00	Double Rack
Bungs	3	\$ 2.05	\$ 3.00	\$ 9.15	
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
	\$	-	\$	-	
Total Cooperage Equipment				\$ 1,892.15	
Total Investment 3rd Year				\$ 5,291.64	

Winery Daily Operating Cost Worksheet

	2009	2010	2011
Costs of Goods Sold			
Grapes:			
Cabernet Franc	\$ 8,425	\$ 9,250	\$ 10,884
Petit Verdot	\$ 7,108	\$ 7,472	\$ 9,010
Chardonnay	\$ 7,530	\$ 7,850	\$ 9,074
Vidal Blanc	\$ 7,210	\$ 7,690	\$ 9,427
Blueberry Chardonnay	\$ 9,553	\$ 9,900	\$ 10,554
Other	\$ -	\$ -	\$ -
Total Grape Costs	\$39,826	\$ 42,162	\$ 48,949
Packaging			
Bottles	\$0	\$18,145	\$ 20,128
Closures	\$0	\$6,115	\$ 6,464
Capsules	\$0	\$1,495	\$ 1,580
Labels	\$0	\$4,200	\$ 4,440
Total Packaging Costs	\$0	\$29,955	\$ 32,612
Overhead Costs			
Upfront Utilities Costs	\$350	\$0	\$0
Utilities	\$3,500	\$7,440	\$7,440
Legal and Accounting Fees	\$1,500	\$100	\$100
Federal Licensing Costs	\$0	\$1,000	\$1,000
State Licensing Costs	\$354	\$254	\$1,104
Local Licensing Cost	\$150	\$0	\$275
Estimated State Excise Taxes	\$0	\$0	\$0
Estimated Federal Excise Taxes	\$0	\$90	\$560
Management Labor Costs	\$42,596	\$63,821	\$67,012
Operations Staff Labor Costs	\$0	\$1,402	\$28,760
Promotion Costs	\$0	\$9,250	\$5,100
Insurance	\$5,700	\$7,200	\$8,200
Wine Carrier Costs	\$0	\$500	\$2,000
Custom Hire Mobile Bottle Unit	\$0	\$3,955	\$4,181
Lab Supplies	\$0	\$400	\$500
Office Supplies	\$200	\$2,000	\$2,500
Repairs and Maintenance	\$1,000	\$10,000	\$10,000
Estimated Property Taxes	\$9,000	\$9,000	\$9,000
Gasoline and Fuel	\$700	\$1,200	\$1,500
Other	\$0	\$0	\$0
Other	\$0	\$0	\$0
Other	\$0	\$0	\$0
Total Overhead Costs	\$65,050	\$117,612	\$149,232
Operating Cost Needs	\$104,876	\$189,729	\$230,793
Plus: Ripple Effect	5%	\$9,486	\$11,540
Total Operating Needs	\$110,119	\$199,215	\$242,333

Winery Establishment Capital Worksheet

Total Cost
How to pay for it

	Total Investment	Owner Contribution	Term Loan
Real Estate and Building	\$ 318,500	\$ 100,000	\$ 218,500
Tasting Room	\$ 9,880		\$ 9,880
Office Equipment	\$ 1,944		\$ 1,944
Machinery and Equipment	\$ 23,786		\$ 23,786
Receiving Equipment	\$ 67,132		\$ 67,132
Cellar Equipment	\$ 23,087		\$ 23,087
Lab Equipment	\$ 9,517		\$ 9,517
Fermentation and Storage	\$ 44,713		\$ 44,713
Refrigeration	\$ 10,925		\$ 10,925
Cooperage	\$ 20,118		\$ 20,118
Other			\$ -
Other			\$ -
Other			\$ -
Total Establishment Capital			\$ 429,602
Plus: Ripple Effect <u>15%</u>			\$ 64,440
Total Establishment Capital Requirements			\$ 494,042

Appendix D

Cost per Bottle by Wine Variety - Vintage 2009											
		Cabernet Franc		Petit Verdot		Chardonnay		Vidal Blanc		Blueberry Chardonnay	
Wine/Fruit Cost	Cases Produced	300		225		275		350		600	
	Bottles Produced	3600		2700		3300		4200		7200	
	Average Price Per Ton	\$ 1,650		\$ 1,820		\$ 1,600		\$ 1,200		\$ 1,735	
	Tons Purchased	5.1		3.9		4.7		6		5.5	
Bottle	Cost	\$ 8,415		\$ 7,098		\$ 7,520		\$ 7,200		\$ 9,543	
	Shipping	\$ 10		\$ 10		\$ 10		\$ 10		\$ 10	
	Total Cost	\$ 8,425		\$ 7,108		\$ 7,530		\$ 7,210		\$ 9,553	
	Cost per Bottle		\$ 2.34		\$ 2.63		\$ 2.28		\$ 1.72		\$ 1.33
Closure	Bottles Cost	\$ 2,034		\$ 1,526		\$ 2,923		\$ 3,721		\$ 7,242	
	Shipping/Surcharge	\$ 82		\$ 61		\$ 117		\$ 149		\$ 290	
	Total Cost	\$ 2,116		\$ 1,587		\$ 3,040		\$ 3,870		\$ 7,532	
	Cost per Bottle		\$ 0.59		\$ 0.59		\$ 0.92		\$ 0.92		\$ 1.05
Capsule	Closure Cost	\$ 1,044.00		\$ 783.00		\$ 957.00		\$ 1,218.00		\$ 2,088.00	
	Shipping	\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00	
	Total Cost	\$ 1,049		\$ 788		\$ 962		\$ 1,223		\$ 2,093	
	Cost per Bottle		\$ 0.29		\$ 0.29		\$ 0.29		\$ 0.29		\$ 0.29
Label	Capsule Cost	\$ 252.00		\$ 189.00		\$ 231.00		\$ 294.00		\$ 504.00	
	Shipping	\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00	
	Total Cost	\$ 257.00		\$ 194.00		\$ 236.00		\$ 299.00		\$ 509.00	
	Cost per Bottle		\$ 0.07		\$ 0.07		\$ 0.07		\$ 0.07		\$ 0.07
	Labels Costs	\$ 720		\$ 540		\$ 660		\$ 840		\$ 1,440	
	Cost per Bottle		\$ 0.20		\$ 0.20		\$ 0.20		\$ 0.20		\$ 0.20
	Mobile Bottling Cost/Case	\$ 2.26		\$ 2.26		\$ 2.26		\$ 2.26		\$ 2.26	
	Bottles per Case	12		12		12		12		12	
	Cost per Bottle		\$ 0.19		\$ 0.19		\$ 0.19		\$ 0.19		\$ 0.19
	Yearly Overhead Costs	\$ 220,000		\$ 220,000		\$ 220,000		\$ 220,000		\$ 220,000	
	Total Bottles Produced	21000		21000		21000		21000		21000	
	Cost per Bottle		\$ 10.48		\$ 10.48		\$ 10.48		\$ 10.48		\$ 10.48
	Total Cost per Bottle		\$ 13.96		\$ 14.45		\$ 14.43		\$ 13.87		\$ 13.60
	Suggested Retail Price		\$ 17		\$ 19		\$ 17		\$ 15		\$ 16
	Gross Margin per Bottle		\$ 3.04		\$ 4.55		\$ 2.57		\$ 1.14		\$ 2.40

Appendix D

Cost per Bottle by Wine Variety - Vintage 2010						
		Cabernet Franc	Petit Verdot	Chardonnay	Vidal Blanc	Blueberry Chardonnay
Wine/Fruit Cost	Cases Produced	325	240	285	375	625
	Bottles Produced	3900	2880	3420	4500	7500
	Average Price Per Ton	\$ 1,650	\$ 1,820	\$ 1,600	\$ 1,200	\$ 1,735
	Tons Purchased	5.6	4.1	4.9	6.4	5.7
Bottle	Cost	\$ 9,240	\$ 7,462	\$ 7,840	\$ 7,680	\$ 9,890
	Shipping	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
	Total Cost	\$ 9,250	\$ 7,472	\$ 7,850	\$ 7,690	\$ 9,900
	Cost per Bottle	\$ 2.37	\$ 2.59	\$ 2.30	\$ 1.71	\$ 1.32
Closure	Bottles Cost	\$ 2,204	\$ 2,627	\$ 3,030	\$ 3,987	\$ 7,544
	Shipping/Surcharge	\$ 88	\$ 66	\$ 121	\$ 159	\$ 302
	Total Cost	\$ 2,292	\$ 2,693	\$ 3,151	\$ 4,146	\$ 7,846
	Cost per Bottle	\$ 0.59	\$ 0.94	\$ 0.92	\$ 0.92	\$ 1.05
Capsule	Closure Cost	\$ 1,131.00	\$ 836.00	\$ 992.00	\$ 1,305.00	\$ 2,175.00
	Shipping	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
	Total Cost	\$ 1,136	\$ 841	\$ 997	\$ 1,310	\$ 2,180
	Cost per Bottle	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29
Label	Capsule Cost	\$ 273.00	\$ 202.00	\$ 240.00	\$ 315.00	\$ 525.00
	Shipping	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
	Total Cost	\$ 278.00	\$ 207.00	\$ 245.00	\$ 320.00	\$ 530.00
	Cost per Bottle	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07
	Labels Costs	\$ 780	\$ 576	\$ 684	\$ 900	\$ 1,500
	Cost per Bottle	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
	Mobile Bottling Cost/Case	\$ 2.26	\$ 2.26	\$ 2.26	\$ 2.26	\$ 2.26
	Bottles per Case	12	12	12	12	12
	Cost per Bottle	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
	Yearly Overhead Costs	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000
	Total Bottles Produced	22200	22200	22200	22200	22200
	Cost per Bottle	\$ 9.91	\$ 9.91	\$ 9.91	\$ 9.91	\$ 9.91
	Total Cost per Bottle	\$ 13.42	\$ 14.19	\$ 13.88	\$ 13.29	\$ 13.03
	Suggested Retail Price	\$ 17	\$ 19	\$ 17	\$ 15	\$ 16
	Gross Margin per Bottle	\$ 3.58	\$ 4.81	\$ 3.12	\$ 1.71	\$ 2.97

Appendix D

Cost per Bottle by Wine Variety - Vintage 2011											
		Cabernet Franc		Petit Verdot		Chardonnay		Vidal Blanc		Blueberry Chardonnay	
Wine/Fruit Cost	Cases Produced	375		280		320		425		675	
	Bottles Produced	4500		3360		3840		5100		8100	
	Average Price Per Ton	\$ 1,699		\$ 1,875		\$ 1,648		\$ 1,290		\$ 1,818	
	Tons Purchased	6.4		4.8		5.5		7.3		5.8	
	Cost	\$ 10,874		\$ 9,000		\$ 9,064		\$ 9,417		\$ 10,544	
	Shipping	\$ 10		\$ 10		\$ 10		\$ 10		\$ 10	
	Total Cost	\$ 10,884		\$ 9,010		\$ 9,074		\$ 9,427		\$ 10,554	
Bottle	Cost per Bottle		\$ 2.42		\$ 2.68		\$ 2.36		\$ 1.85		\$ 1.30
	Bottles Cost	\$ 2,543		\$ 1,890		\$ 3,402		\$ 4,518		\$ 8,148	
	Shipping/Surcharge	\$ 102		\$ 76		\$ 137		\$ 181		\$ 326	
	Total Cost	\$ 2,645		\$ 1,966		\$ 3,539		\$ 4,699		\$ 8,474	
Closure	Cost per Bottle		\$ 0.59		\$ 0.59		\$ 0.92		\$ 0.92		\$ 1.05
	Closure Cost	\$ 1,350.00		\$ 1,008.00		\$ 1,152.00		\$ 1,530.00		\$ 2,430.00	
	Shipping	\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00	
	Total Cost	\$ 1,355		\$ 1,013		\$ 1,157		\$ 1,535		\$ 2,435	
Capsule	Cost per Bottle		\$ 0.30		\$ 0.30		\$ 0.30		\$ 0.30		\$ 0.30
	Capsule Cost	\$ 360.00		\$ 269.00		\$ 308.00		\$ 408.00		\$ 648.00	
	Shipping	\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00	
	Total Cost	\$ 365.00		\$ 274.00		\$ 313.00		\$ 413.00		\$ 653.00	
Label	Cost per Bottle		\$ 0.08		\$ 0.08		\$ 0.08		\$ 0.08		\$ 0.08
	Labels Costs	\$ 945		\$ 706		\$ 807		\$ 1,071		\$ 1,701	
	Cost per Bottle		\$ 0.21		\$ 0.21		\$ 0.21		\$ 0.21		\$ 0.21
	Mobile Bottling Cost/Case	\$ 2.30		\$ 2.30		\$ 2.30		\$ 2.30		\$ 2.30	
	Bottles per Case	12		12		12		12		12	
	Cost per Bottle		\$ 0.19		\$ 0.19		\$ 0.19		\$ 0.19		\$ 0.19
	Yearly Overhead Costs	\$ 220,000		\$ 220,000		\$ 220,000		\$ 220,000		\$ 220,000	
	Total Bottles Produced	24900		24900		24900		24900		24900	
	Cost per Bottle		\$ 8.84		\$ 8.84		\$ 8.84		\$ 8.84		\$ 8.84
	Total Cost per Bottle		\$ 12.42		\$ 12.89		\$ 12.90		\$ 12.39		\$ 11.97
		\$ 17		\$ 19		\$ 17		\$ 15		\$ 16	
	Gross Margin per Bottle		\$ 4.58		\$ 6.11		\$ 4.10		\$ 2.61		\$ 4.03

Management Cost Estimate Worksheet

Year 2009

Name: William Vine

Title: Business Manager

a. Total Regular & Overtime Hours	<u>3,000</u>	hours/year
b. Total Vacation Hours	<u> </u>	hours/year
c. Total Sick Leave Hours	<u> </u>	hours/year
d. Total Holiday Hours	<u> </u>	hours/year
e. Total Hours Paid for but not Worked	<u>0</u>	hours/year
(Line b + Line c + line d)		
f. Total Hours on the Job	<u>3,000</u>	hours/year
(Line a - Line e)		

Cost Item	Cost to Employer	Income to Employee
Direct Wage Costs		
1 Cash Wages or Salary	<u>\$20,000</u>	<u>\$20,000</u>
2 Overtime Wages	<u> </u>	<u>\$0</u>
3 Cash Bonuses	<u> </u>	<u>\$0</u>
4 Total Direct Wages (Sum of Lines 1, 2, and 3)	<u>\$20,000</u>	<u>\$20,000</u>
Mandatory Wage Costs (Employer's Share)		
5 Social Security 6.20%	<u>\$1,240</u>	
6 Fed. Unemployment Ins. 6.20%	<u>\$434</u>	
7 State Unemployment Insurance	<u> </u>	
8 Workman's Compensation 3.00%	<u>\$600</u>	
9 Medicare 1.45%	<u>\$290</u>	
10 Other	<u> </u>	
11 Total Mandatory Costs (Sum of Lines 5-10)	<u>\$2,564</u>	
Value of Fringe Benefits		
12 Insurance	<u> </u>	<u>\$0</u>
13 Retirement Contributions	<u> </u>	<u>\$0</u>
14 Uniform (Purchase/Rental/Cleaning)	<u> </u>	<u>\$0</u>
15 Educational Expense	<u> </u>	<u>\$0</u>
16 Transportation	<u> </u>	<u>\$0</u>
17 Other	<u> </u>	<u>\$0</u>
18 Total Value of Fringe Benefits (Sum of Lines 12-17)	<u>\$0</u>	<u>\$0</u>
19 Total Labor Costs (Line 4 + Line 11 + Line 18)	<u>\$22,564</u>	<u>\$20,000</u>
20 Total Labor Costs/ Hour on the Job (Line 19 divided by Line f)	<u>\$10.74</u> /hr	<u>\$9.52</u> /hr

Management Cost Estimate Worksheet

Year 2009

Name: Tom Grape

Title: Winemaker

a. Total Regular & Overtime Hours	<u>650</u>	hours/year
b. Total Vacation Hours	<u>15</u>	hours/year
c. Total Sick Leave Hours	<u> </u>	hours/year
d. Total Holiday Hours	<u> </u>	hours/year
e. Total Hours Paid for but not Worked (Line b + Line c + line d)	<u>15</u>	hours/year
f. Total Hours on the Job (Line a - Line e)	<u>635</u>	hours/year

Cost Item	Cost to Employer	Income to Employee
Direct Wage Costs		
1 Cash Wages or Salary	<u>\$15,000</u>	<u>\$15,000</u>
2 Overtime Wages	<u> </u>	<u>\$0</u>
3 Cash Bonuses	<u> </u>	<u>\$0</u>
4 Total Direct Wages (Sum of Lines 1, 2, and 3)	<u>\$15,000</u>	<u>\$15,000</u>
Mandatory Wage Costs (Employer's Share)		
5 Social Security 6.20%	<u>\$930</u>	
6 Fed. Unemployment Ins. 6.20%	<u>\$434</u>	
7 State Unemployment Insurance	<u> </u>	
8 Worker's Compensation 3.00%	<u>\$450</u>	
9 Medicare 1.45%	<u>\$218</u>	
10 Other	<u> </u>	
11 Total Mandatory Costs (Sum of Lines 5-10)	<u>\$2,032</u>	
Value of Fringe Benefits		
12 Insurance	<u>\$500</u>	<u>\$500</u>
13 Retirement Contributions	<u>\$1,000</u>	<u>\$1,000</u>
14 Uniform (Purchase/Rental/Cleaning)	<u>\$500</u>	<u>\$500</u>
15 Educational Expense	<u>\$1,000</u>	<u>\$1,000</u>
16 Transportation	<u> </u>	<u>\$0</u>
17 Other	<u> </u>	<u>\$0</u>
18 Total Value of Fringe Benefits (Sum of Lines 12-17)	<u>\$3,000</u>	<u>\$3,000</u>
19 Total Labor Costs (Line 4 + Line 11 + Line 18)	<u>\$20,032</u>	<u>\$18,000</u>
20 Total Labor Costs/ Hour on the Job (Line 19 divided by Line f)	<u>\$9.54</u> /hr	<u>\$8.57</u> /hr

Management Cost Estimate Worksheet

Year 2010

Name: Tom Grape

Title: Winemaker

a. Total Regular & Overtime Hours	<u>2,100</u>	hours/year
b. Total Vacation Hours	<u>0</u>	hours/year
c. Total Sick Leave Hours	<u> </u>	hours/year
d. Total Holiday Hours	<u> </u>	hours/year
e. Total Hours Paid for but not Worked (Line b + Line c + line d)	<u>0</u>	hours/year
f. Total Hours on the Job (Line a - Line e)	<u>2,100</u>	hours/year

Cost Item	Cost to Employer	Income to Employee
Direct Wage Costs		
1 Cash Wages or Salary	<u>\$30,000</u>	<u>\$30,000</u>
2 Overtime Wages	<u> </u>	<u>\$0</u>
3 Cash Bonuses	<u> </u>	<u>\$0</u>
4 Total Direct Wages (Sum of Lines 1, 2, and 3)	<u>\$30,000</u>	<u>\$30,000</u>
Mandatory Wage Costs (Employer's Share)		
5 Social Security 6.20%	<u>\$1,860</u>	
6 Fed. Unemployment Ins. 6.20%	<u>\$434</u>	
7 State Unemployment Insurance	<u> </u>	
8 Worker's Compensation 3.00%	<u>\$900</u>	
9 Medicare 1.45%	<u>\$435</u>	
10 Other	<u> </u>	
11 Total Mandatory Costs (Sum of Lines 5-10)	<u>\$3,629</u>	
Value of Fringe Benefits		
12 Insurance	<u>\$2,000</u>	<u>\$2,000</u>
13 Retirement Contributions	<u>\$3,000</u>	<u>\$3,000</u>
14 Uniform (Purchase/Rental/Cleaning)	<u>\$500</u>	<u>\$500</u>
15 Educational Expense	<u>\$1,000</u>	<u>\$1,000</u>
16 Transportation	<u> </u>	<u>\$0</u>
17 Other	<u> </u>	<u>\$0</u>
18 Total Value of Fringe Benefits (Sum of Lines 12-17)	<u>\$6,500</u>	<u>\$6,500</u>
19 Total Labor Costs (Line 4 + Line 11 + Line 18)	<u>\$40,129</u>	<u>\$36,500</u>
20 Total Labor Costs/ Hour on the Job (Line 19 divided by Line f)	<u>\$19.11</u> /hr	<u>\$17.38</u> /hr

Appendix E

Management Cost Projections			
	2009	2010	2011
Business Manager	\$22,564	\$23,692	\$24,877
Winemaker	\$20,032	\$40,129	\$42,135
Total Management Costs	\$42,596	\$63,821	\$67,012

Includes a 5 % salary increase

1.05

Labor Cost Estimate Worksheet

Year 2010

Name: _____

Title: Tasting Room Staff (3)

a. Total Regular & Overtime Hours	<u>150</u>	hours/year
b. Total Vacation Hours	<u> </u>	hours/year
c. Total Sick Leave Hours	<u> </u>	hours/year
d. Total Holiday Hours	<u> </u>	hours/year
e. Total Hours Paid for but not Worked	<u>0</u>	hours/year
(Line b + Line c + line d)		
f. Total Hours on the Job	<u>150</u>	hours/year
(Line a - Line e)		

Cost Item	Cost to Employer	Income to Employee
Direct Wage Costs		
1 Cash Wages or Salary <u>\$8</u> /hr	<u>\$1,200</u>	<u>\$1,200</u>
2 Overtime Wages	<u> </u>	<u>\$0</u>
3 Cash Bonuses	<u> </u>	<u>\$0</u>
4 Total Direct Wages (Sum of Lines 1, 2, and 3)	<u>\$1,200</u>	<u>\$1,200</u>
Mandatory Wage Costs (Employer's Share)		
5 Social Security 6.20%	<u>\$74</u>	
6 Fed. Unemployment Ins. 6.20%	<u>\$74</u>	
7 State Unemployment Insurance	<u> </u>	
8 Worker's Compensation 3.00%	<u>\$36</u>	
9 Medicare 1.45%	<u>\$17</u>	
10 Other	<u> </u>	
11 Total Mandatory Costs (Sum of Lines 5-10)	<u>\$202</u>	
Value of Fringe Benefits		
12 Insurance	<u> </u>	<u>\$0</u>
13 Retirement Contributions	<u> </u>	<u>\$0</u>
14 Uniform (Purchase/Rental/Cleaning)	<u> </u>	<u>\$0</u>
15 Educational Expense	<u> </u>	<u>\$0</u>
16 Transportation	<u> </u>	<u>\$0</u>
17 Other	<u> </u>	<u>\$0</u>
18 Total Value of Fringe Benefits (Sum of Lines 12-17)	<u>\$0</u>	<u>\$0</u>
19 Total Labor Costs (Line 4 + Line 11 + Line 18)	<u>\$1,402</u>	<u>\$1,200</u>
20 Total Labor Costs/ Hour on the Job (Line 19 divided by Line f)	<u>\$9.35</u> /hr	<u>\$8.00</u> /hr

Labor Cost Estimate Worksheet

Year 2011

Name: _____

Title: Tasting Room Staff (3)

a. Total Regular & Overtime Hours	<u>1,248</u> hours/year
b. Total Vacation Hours	<u> </u> hours/year
c. Total Sick Leave Hours	<u> </u> hours/year
d. Total Holiday Hours	<u> </u> hours/year
e. Total Hours Paid for but not Worked	<u>0</u> hours/year
(Line b + Line c + line d)	
f. Total Hours on the Job	<u>1,248</u> hours/year
(Line a - Line e)	

Cost Item	Cost to Employer	Income to Employee
Direct Wage Costs		
1 Cash Wages or Salary <u>\$8</u> /hr	<u>\$9,984</u>	<u>\$9,984</u>
2 Overtime Wages	<u> </u>	<u>\$0</u>
3 Cash Bonuses	<u> </u>	<u>\$0</u>
4 Total Direct Wages (Sum of Lines 1, 2, and 3)	<u>\$9,984</u>	<u>\$9,984</u>
Mandatory Wage Costs (Employer's Share)		
5 Social Security 6.20%	<u>\$619</u>	
6 Fed. Unemployment Ins. 6.20%	<u>\$434</u>	
7 State Unemployment Insurance	<u> </u>	
8 Worker's Compensation 3.00%	<u>\$300</u>	
9 Medicare 1.45%	<u>\$145</u>	
10 Other	<u> </u>	
11 Total Mandatory Costs (Sum of Lines 5-10)	<u>\$1,497</u>	
Value of Fringe Benefits		
12 Insurance	<u> </u>	<u>\$0</u>
13 Retirement Contributions	<u> </u>	<u>\$0</u>
14 Uniform (Purchase/Rental/Cleaning)	<u> </u>	<u>\$0</u>
15 Educational Expense	<u> </u>	<u>\$0</u>
16 Transportation	<u> </u>	<u>\$0</u>
17 Other	<u> </u>	<u>\$0</u>
18 Total Value of Fringe Benefits (Sum of Lines 12-17)	<u>\$0</u>	<u>\$0</u>
19 Total Labor Costs (Line 4 + Line 11 + Line 18)	<u>\$11,481</u>	<u>\$9,984</u>
20 Total Labor Costs/ Hour on the Job (Line 19 divided by Line f)	<u>\$9.20</u> /hr	<u>\$8.00</u> /hr

Appendix F

Operations Staff Cost Projections			
	2010	2011	2012
Tasting Room Staff (3)	\$1,402	\$11,481	\$11,826
Total Operations Staff Costs	\$1,402	\$11,481	\$11,826

Includes 3% increase in labor costs

1.03

Balance Sheet

Virginia's Winery

January 1, 2009

Current Assets			Current Liabilities		
Cash		\$0	Supplier Credit		\$0
Savings Account		\$64,440	Wages Payable		\$0
Checking Account		\$10,000	Taxes Payable		\$0
Wine Grapes in Progress		\$0	Prin. Due on Loan 1		\$10,477
Wine Packaging Inventory		\$0	Acc. Interest		\$0
Wine Inventory @ Net Retail Price		\$0	Prin. Due on Loan 2		\$0
Supplies		\$0	Acc. Interest		\$0
Prepaid Insurance		\$0	Prin. Due on Loan 3		\$0
Other:		\$0	Acc. Interest		\$0
Other:		\$0	Operating Loan Balance Outstanding		\$0
Other:		\$0	Acc. Interest		\$0
Total Current Assets		\$74,440	Total Current Liabilities		\$10,477
Non-Current Assets			Non-Current liabilities		
Real Estate and Building	\$	218,500	Prin. Remaining on Loan 1		\$384,523
Acc. Dep (20 year)		\$10,925	Prin. Remaining on Loan 2		\$0
Machinery & Equipment	\$	23,786	Prin. Remaining on Loan 3		\$0
Acc. Dep (5 year)		\$4,757	Other:		\$0
Winery Equipment	\$	187,316	Other:		\$0
Acc. Dep (5 year)		\$37,463	Other:		\$0
Land	\$	100,000			
Other:		\$0			
Other:		\$0			
Other:		\$0			
Total Non-current Assets		\$476,457	Total Non-Current Liabilities		\$384,523
			Total Liabilities		\$395,000
			Contributed Capital		\$210,000
			Retained Earnings		(\$54,103)
Total Assets		\$550,897	Total Liabilities & Net Worth		\$550,897

Cash Flow Statement - Normal Year

2009

Category	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Cash Inflows													
Retail Cash Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retail Credit Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rental Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Inflows	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Outflows													
Cost of Goods Sold:													
Grape and Packaging Cost	\$0	\$0	\$0	\$0	\$13,275	\$0	\$0	\$26,551	\$0	\$0	\$0	\$0	\$39,826
Credit Card Fee 2%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Goods Sold	\$0	\$0	\$0	\$0	\$13,275	\$0	\$0	\$26,551	\$0	\$0	\$0	\$0	\$39,826
Overhead Costs:													
Upfront Utilities Costs	\$350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$350
Utilities	\$291	\$291	\$291	\$291	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$3,500
Legal and Accounting Fees	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500
Federal Licensing Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Licensing Costs	\$354	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$354
Local Licensing Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Estimated State Excise Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Federal Excise Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management Labor Costs	\$1,945	\$1,944	\$1,945	\$1,944	\$1,944	\$1,944	\$1,944	\$5,796	\$5,796	\$5,800	\$5,798	\$5,796	\$42,596
Operations Staff Labor Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Promotion Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$0	\$0	\$0	\$5,700	\$0	\$0	\$0	\$0	\$0	\$0	\$5,700
Wine Carriers Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Custom Hire Mobile Bottle Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lab Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$25	\$50
Office Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100	\$100	\$200
Repairs and Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250	\$250	\$500
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$4,500	\$0	\$0	\$0	\$0	\$4,500	\$9,000

Appendix G

Gasoline and Fuel		\$35	\$40	\$40	\$40	\$40	\$40	\$40	\$45	\$125	\$85	\$85	\$85	\$700
Interest	\$23,700	\$0	\$0	\$0	\$0	\$0	\$11,350	\$0	\$0	\$0	\$0	\$0	\$11,350	\$22,700
Principal (from CL)	\$10,477	\$0	\$0	\$0	\$0	\$0	\$5,238	\$0	\$0	\$0	\$0	\$0	\$5,239	\$10,477
Self-employment taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Income Taxes (25%)	-\$23,920	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Owner Withdrawal (optional)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Overhead Costs		\$4,475	\$2,275	\$2,276	\$2,275	\$2,276	\$24,564	\$6,776	\$6,133	\$6,213	\$6,177	\$6,550	\$27,637	\$97,627
Total Cash Outflows		\$4,475	\$2,275	\$2,276	\$2,275	\$15,551	\$24,564	\$6,776	\$32,684	\$6,213	\$6,177	\$6,550	\$27,637	\$137,453
Net Cash Flow		-\$4,475	-\$2,275	-\$2,276	-\$2,275	-\$15,551	-\$24,564	-\$6,776	-\$32,684	-\$6,213	-\$6,177	-\$6,550	-\$27,637	-\$137,453
Beginning Cash Balance (Checking Account Balance)		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Unadjusted Cash Balance		\$5,525	\$7,725	\$7,724	\$7,725	-\$5,551	-\$14,564	\$3,224	-\$22,684	\$3,787	\$3,823	\$3,450	-\$17,637	-\$127,453
Minimum Balance Desired		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Avail. For Repayment of Operating Loan		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Loan Needed (Outstanding Operating Loan)	\$0	\$4,475	\$2,275	\$2,276	\$2,275	\$15,551	\$24,564	\$6,776	\$32,684	\$6,213	\$6,177	\$6,550	\$27,637	\$137,453
Cumulative Op. Loan Balance		\$4,475	\$6,750	\$9,026	\$11,301	\$26,852	\$51,416	\$58,192	\$90,876	\$97,089	\$103,266	\$109,816	\$137,453	\$137,453
Operating Loan Int. Rate	8%													
Accrued Int on Op. Loan (Carryover Accrued Int)	\$0	\$30	\$75	\$135	\$210	\$389	\$732	\$1,120	\$1,726	\$2,373	\$3,062	\$3,794	\$4,710	\$0
Owner Investment (Covers Int. Only Oper. Loan)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,710	\$4,710
Int. Paid on Operating Loan		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,710	\$4,710
Repayment of Op. Loan Principal		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Cash Balance		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

Sales Tax is not include because it is a revenue and an expense

Income Statement

2009

(Assumes Cash Accounting Method)

	Normal Year	Best Case	Worst Case
Income			
Retail Cash Sales	\$0	\$0	\$0
Retail Credit Sales	\$0	\$0	\$0
Internet Sales	\$0	\$0	\$0
Rental Income	\$0	\$0	\$0
Other	\$0	\$0	\$0
Other	\$0	\$0	\$0
Less: Returns	\$0	\$0	\$0
Total Sales	\$0	\$0	\$0
Cost of Goods Sold (COGS)	\$39,826	\$35,843	\$43,809
Gross Margin	(\$39,826)	(\$35,843)	(\$43,809)
Overhead Expenses			
Upfront Utilities Costs	\$350	\$315	\$385
Utilities	\$3,500	\$3,150	\$3,850
Legal and Accounting Fees	\$1,500	\$1,350	\$1,650
Federal Licensing Costs	\$0	\$0	\$0
State Licensing Costs	\$354	\$319	\$389
Local Licensing Costs	\$0	\$0	\$0
State Excise Taxes	\$0	\$0	\$0
Federal Excise Taxes	\$0	\$0	\$0
Management Labor Costs	\$42,596	\$38,336	\$46,856
Operations Staff Labor Costs	\$0	\$0	\$0
Promotion Costs	\$0	\$0	\$0
Insurance	\$5,700	\$5,130	\$6,270
Wine Carrier Costs	\$0	\$0	\$0
Custom Mobile Bottling Costs	\$0	\$0	\$0
Lab Supplies	\$50	\$45	\$55
Office Supplies	\$200	\$180	\$220
Repairs and Maintenance	\$500	\$450	\$550
Property Taxes	\$9,000	\$8,100	\$9,900
Gasoline and Fuel	\$700	\$630	\$770
Depreciation	\$53,145	\$53,145	\$53,145
Total Expenses	\$117,595	\$111,150	\$124,040
Earnings Before interest & Taxes (EBIT)	(\$157,421)	(\$146,994)	(\$167,849)
Interest	\$27,410	\$27,410	\$27,410
(Loan Int + Op. Loan Int)			
Earnings Before Taxes	(\$184,831)	(\$174,404)	(\$195,259)
Income Tax	25% \$0	\$0	\$0
Net Income	(\$184,831)	(\$174,404)	(\$195,259)

Balance Sheet

Virginia's Winery

January 1, 2010

Current Assets		Current Liabilities	
Cash	\$0	Supplier Credit	\$0
Savings Account	\$64,440	Wages Payable	\$0
Checking Account	\$10,000	Taxes Payable	\$0
Wine Grapes in Progress	\$44,326	Prin. Due on Loan 1	\$11,106
Wine Packaging Inventory	\$0	Acc. Interest	\$0
Wine Inventory @ Net Retail Price	\$0	Prin. Due on Loan 2	\$0
Supplies	\$75	Acc. Interest	\$0
Prepaid Insurance	\$2,375	Prin. Due on Loan 3	\$0
Other:	\$0	Acc. Interest	\$0
Other:	\$0	Operating Loan Balance	\$137,453
Other:	\$0	Acc. Interest	\$0
Total Current Assets	\$121,216	Total Current Liabilities	\$148,559
Non-Current Assets		Non-Current Liabilities	
Real Estate and Buildings	\$218,500	Prin. Remaining on Loan 1	\$373,417
Acc. Dep	\$21,850	Prin. Remaining on Loan 2	\$0
Machinery & Equipment	\$23,786	Prin. Remaining on Loan 3	\$0
Acc. Dep	\$9,514	Other:	\$0
Winery Equipment	\$187,316	Other:	\$0
Acc. Dep	\$74,926	Other:	\$0
Land	\$100,000		
Other:	\$0		
Other:	\$0		
Other:	\$0		
Total Non-current Assets	\$423,311	Total Non-Current Liabilities	\$373,417
		Total Liabilities	\$521,976
		Contributed Capital	\$214,710
		Retained Earnings	(\$192,159)
Total Assets	\$544,527	Total Liabilities & Net Worth	\$544,527

Cash Flow Statement - Normal Year					
2010					
Category	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Cash Inflows					
Retail Cash Sales	\$0	\$0	\$0	\$7,008	\$7,008
Retail Credit Sales	\$0	\$0	\$0	\$15,418	\$15,418
Internet Sales	\$0	\$0	\$0	\$935	\$935
Rental Income	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Total Cash Inflows	\$0	\$0	\$0	\$23,361	\$23,361
Cash Outflows					
Cost of Goods Sold:					
Grape and Packaging Cost	\$0	\$14,054	\$38,093	\$19,970	\$72,117
Credit Card Fee	2%	\$0	\$0	\$327	\$327
Other	\$0	\$0	\$0	\$0	\$0
Total Cost of Goods Sold	\$0	\$14,054	\$38,093	\$20,297	\$72,444
Overhead Costs:					
Upfront Utilities Costs	\$0	\$0	\$0	\$0	\$0
Utilities	\$1,860	\$1,860	\$1,860	\$1,860	\$7,440
Legal and Accounting Fees	\$25	\$25	\$25	\$25	\$100
Federal Licensing Costs	\$1,000	\$0	\$0	\$0	\$1,000
State Licensing Costs	\$384	\$0	\$0	\$0	\$384
Local Licensing Cost	\$0	\$0	\$0	\$0	\$0
Estimated State Excise Taxes	\$0	\$0	\$0	\$0	\$0
Estimated Federal Excise Taxes	\$0	\$0	\$0	\$90	\$90
Management Labor Costs	\$15,955	\$15,955	\$15,956	\$15,955	\$63,821
Operations Staff Labor Costs	\$0	\$0	\$0	\$1,402	\$1,402
Promotion Costs	\$450	\$0	\$5,150	\$3,125	\$8,725
Insurance	\$0	\$7,200	\$0	\$0	\$7,200
Wine Carriers Costs	\$0	\$0	\$0	\$1,500	\$1,500
Custom Hire Mobile Bottle Unit	\$0	\$2,769	\$1,186	\$0	\$3,955
Lab Supplies	\$100	\$100	\$100	\$100	\$400
Office Supplies	\$500	\$500	\$500	\$500	\$2,000
Repairs and Maintenance	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000
Property Taxes	\$0	\$4,500	\$0	\$4,500	\$9,000
Gasoline and Fuel	\$200	\$250	\$450	\$300	\$1,200
Interest	\$23,071	\$0	\$11,535	\$0	\$11,536
Principal (from CL)	\$11,106	\$0	\$5,553	\$0	\$5,553
Self-employment taxes	\$0	\$0	\$0	\$0	\$0
Estimated Income Taxes (25%)	-\$60,879	\$0	\$0	\$0	\$0
Owner Withdrawal (optional)	\$0	\$0	\$0	\$0	\$0
Total Overhead Costs	\$22,974	\$52,747	\$27,727	\$48,946	\$152,394
Total Cash Outflows	\$22,974	\$66,801	\$65,820	\$69,243	\$224,838
Net Cash Flow	-\$22,974	-\$66,801	-\$65,820	-\$45,882	-\$201,477
Beginning Cash Balance (Checking Account Balance)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Unadjusted Cash Balance	-\$12,974	-\$56,801	-\$55,820	-\$35,882	-\$191,477
Minimum Balance Desired	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Avail. For Repayment of Operating Loan	\$0	\$0	\$0	\$0	\$0
Operating Loan Needed (Outstanding Operating Loan)	\$22,974	\$66,801	\$65,820	\$45,882	\$201,477
Cumulative Op. Loan Balance	\$160,427	\$227,228	\$293,048	\$338,930	\$338,930
Operating Loan Int. Rate	8%				
Accrued Int on Op. Loan (Carryover Accrued Int)	\$3,209	\$7,753	\$13,614	\$20,393	\$0
Owner Investment (Covers Int. Only Oper. Loan)	\$0	\$0	\$0	\$20,393	\$20,393
Int. Paid on Operating Loan	\$0	\$0	\$0	\$20,393	\$20,393
Repayment of Op. Loan Principal	\$0	\$0	\$0	\$0	\$0
Ending Cash Balance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

Income Statement

2010

(Assumes Cash Accounting Method)

	Normal Year	Best Case	Worst Case
Income			
Retail Cash Sales	\$7,008	\$7,709	\$6,307
Retail Credit Sales	\$15,418	\$16,960	\$13,876
Internet Sales	\$935	\$1,029	\$842
Rental Income	\$0	\$0	\$0
Other	\$0	\$0	\$0
Other	\$0	\$0	\$0
Less: Returns	\$500	\$550	\$450
Total Sales	\$22,861	\$25,147	\$20,575
Cost of Goods Sold (COGS)	\$72,444	\$65,200	\$79,688
Gross Margin	(\$49,583)	(\$40,053)	(\$59,114)
Overhead Expenses			
Upfront Utilities Costs	\$0	\$0	\$0
Utilities	\$7,440	\$6,696	\$8,184
Legal and Accounting Fees	\$100	\$90	\$110
Federal Licensing Costs	\$1,000	\$900	\$1,100
State Licensing Costs	\$384	\$346	\$422
Local Licensing Costs	\$0	\$0	\$0
State Excise Taxes	\$0	\$0	\$0
Federal Excise Taxes	\$90	\$81	\$99
Management Labor Costs	\$63,821	\$57,439	\$70,203
Operations Staff Labor Costs	\$1,402	\$1,262	\$1,542
Promotion Costs	\$8,725	\$7,853	\$9,598
Insurance	\$7,200	\$6,480	\$7,920
Wine Carrier Costs	\$1,500	\$1,350	\$1,650
Custom Mobile Bottling Costs	\$3,955	\$3,560	\$4,351
Lab Supplies	\$400	\$360	\$440
Office Supplies	\$2,000	\$1,800	\$2,200
Repairs and Maintenance	\$10,000	\$9,000	\$11,000
Property Taxes	\$9,000	\$9,000	\$9,000
Gasoline and Fuel	\$1,200	\$1,080	\$1,320
Depreciation	\$53,145	\$53,145	\$53,145
Total Expenses	\$171,362	\$160,441	\$182,284
Earnings Before Interest & Taxes (EBIT)	(\$220,945)	(\$200,493)	(\$241,398)
Interest	\$43,464	\$43,464	\$43,464
(Loan Int + Op. Loan Int)			
Earnings Before Taxes	(\$264,409)	(\$243,957)	(\$284,862)
Income Tax	25%	\$0	\$0
Net Income	(\$264,409)	(\$243,957)	(\$284,862)

Balance Sheet

Virginia's Winery

January 1, 2011

Current Assets		Current Liabilities	
Cash	\$0	Supplier Credit	\$0
Savings Account	\$65,398	Wages Payable	\$0
Checking Account	\$10,000	Taxes Payable	\$0
Wine Grapes in Progress	\$44,962	Prin. Due on Loan 1	\$17,089
Wine Packaging Inventory	\$5,000	Acc. Interest	\$0
Wine Inventory @ Net Retail Price	\$300,000	Prin. Due on Loan 2	\$0
Supplies	\$200	Acc. Interest	\$0
Prepaid Insurance	\$3,000	Prin. Due on Loan 3	\$0
Other:	\$0	Acc. Interest	\$0
Other:	\$0	Operating Loan Balance	\$338,930
Other:	\$0	Acc. Interest	(\$0)
Total Current Assets	\$428,560	Total Current Liabilities	\$356,018
Non-Current Assets		Non-Current Liabilities	
Real Estate and Buildings	\$218,500	Prin. Remaining on Loan 1	\$361,645
Acc. Dep	\$32,775	Prin. Remaining on Loan 2	\$0
Machinery and Equipment	\$23,786	Prin. Remaining on Loan 3	\$0
Acc. Dep	\$14,272	Other:	\$0
Winery Equipment	\$187,316	Other:	\$0
Acc. Dep	\$112,390	Other:	\$0
Other	\$0		
Acc. Dep	\$0		
Land	\$100,000		
Other:	\$0		
Other:	\$0		
Other:	\$0		
Total Non-current Assets	\$370,166	Total Non-Current Liabilities	\$361,645
		Total Liabilities	\$717,663
		Contributed Capital	\$235,103
		Retained Earnings	(\$154,040)
Total Assets	\$798,726	Total Liabilities & Net Worth	\$798,726

Cash Flow Statement - Normal Year					
2011					
Category	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Cash Inflows					
Retail Cash Sales	\$8,114	\$10,920	\$15,563	\$13,977	\$48,574
Retail Credit Sales	\$19,126	\$25,740	\$36,685	\$32,947	\$114,498
Internet Sales	\$1,740	\$2,340	\$3,336	\$2,996	\$10,412
Rental Income	\$1,450	\$1,950	\$10,450	\$2,950	\$16,800
Other	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Total Cash Inflows	\$30,430	\$40,950	\$66,034	\$52,870	\$190,284
Cash Outflows					
Cost of Goods Sold:					
Grape and Packaging Cost	\$0	\$16,316	\$43,504	\$21,741	\$81,561
Credit Card Fee 2%	\$897	\$1,249	\$1,393	\$2,949	\$6,487
Other					\$0
Total Cost of Goods Sold	\$897	\$17,565	\$44,897	\$24,690	\$88,048
Overhead Costs:					
Upfront Utilities Costs	\$0	\$0	\$0	\$0	\$0
Utilities	\$1,860	\$1,860	\$1,860	\$1,860	\$7,440
Legal and Accounting Fees	\$25	\$25	\$25	\$25	\$100
Federal Licensing Costs	\$1,000	\$0	\$0	\$0	\$1,000
State Licensing Costs	\$254	\$300	\$275	\$275	\$1,104
Local Licensing Cost	\$275	\$0	\$0	\$0	\$275
Estimated State Excise Taxes	\$0	\$0	\$0	\$0	\$0
Estimated Federal Excise Taxes	\$0	\$220	\$0	\$340	\$560
Management Labor Costs	\$16,753	\$16,753	\$16,753	\$16,753	\$67,012
Operations Staff Labor Costs	\$2,870	\$2,870	\$2,871	\$2,870	\$11,481
Promotion Costs	\$1,450	\$750	\$2,900	\$0	\$5,100
Insurance	\$0	\$8,200	\$0	\$0	\$8,200
Wine Carriers Costs	\$0	\$1,000	\$0	\$1,000	\$2,000
Custom Hire Mobile Bottle Unit	\$0	\$2,904	\$1,277	\$0	\$4,181
Lab Supplies	\$125	\$125	\$125	\$125	\$500
Office Supplies	\$625	\$625	\$625	\$625	\$2,500
Repairs and Maintenance	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000
Property Taxes	\$0	\$4,500	\$0	\$4,500	\$9,000
Gasoline and Fuel	\$300	\$350	\$500	\$350	\$1,500
Interest \$22,405	\$0	\$11,203	\$0	\$11,202	\$22,405
Principal (from CL) \$11,772	\$0	\$5,886	\$0	\$5,886	\$11,772
Self-employment taxes	\$0	\$0	\$0	\$0	\$0
Estimated Income Taxes (25%) -\$26,317	\$0	\$0	\$0	\$0	\$0
Owner Withdrawal (optional)	\$0	\$0	\$0	\$0	\$0
Total Overhead Costs	\$28,037	\$60,071	\$29,711	\$48,311	\$166,130
Total Cash Outflows	\$28,934	\$77,636	\$74,608	\$73,001	\$254,178
Net Cash Flow	\$1,496	-\$36,686	-\$8,574	-\$20,131	-\$63,894
Beginning Cash Balance (Checking Account Balance)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Unadjusted Cash Balance	\$11,496	-\$26,686	\$1,426	-\$10,131	-\$53,894
Minimum Balance Desired	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Avail. For Repayment of Operating Loan	\$1,496	\$0	\$0	\$0	\$0
Operating Loan Needed (outstanding operating loan) \$338,930	\$0	\$36,686	\$8,574	\$20,131	\$65,390
Cumulative Op. Loan Balance 8%	\$338,930	\$375,616	\$384,189	\$404,320	\$404,320
Accrued Int on Op. Loan (Carryover Accrued Int) \$0	\$6,778	\$12,795	\$20,479	\$28,565	\$0
Owner Investment (Covers Int. Only Oper. Loan	\$0	\$0	\$0	\$28,565	\$28,565
Int. Paid on Operating Loan	\$1,496	\$0	\$0	\$28,565	\$30,061
Repayment of Op. Loan Principal	\$0	\$0	\$0	\$0	\$0
Ending Cash Balance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

Income Statement

2011

(Assumes Cash Accounting Method)

	Normal Year	Best Case	Worst Case
Income			
Retail Cash Sales	\$48,574	\$53,431	\$43,717
Retail Credit Sales	\$114,498	\$125,948	\$103,048
Internet Sales	\$10,412	\$11,453	\$9,371
Rental Income	\$16,800	\$18,480	\$15,120
Other	\$0	\$0	\$0
Other	\$0	\$0	\$0
Less: Returns	\$2,000	\$2,200	\$1,800
Total Sales	\$188,284	\$207,112	\$169,456
Cost of Goods Sold (COGS)	\$88,048	\$79,244	\$96,853
Gross Margin	\$100,236	\$127,869	\$72,602
Overhead Expenses			
Upfront Utilities Costs	\$0	\$0	\$0
Utilities	\$7,440	\$8,184	\$8,184
Legal and Accounting Fees	\$100	\$110	\$110
Federal Licensing Costs	\$1,000	\$1,100	\$1,100
State Licensing Costs	\$1,104	\$1,214	\$1,214
Local Licensing Costs	\$275	\$303	\$303
State Excise Taxes	\$0	\$0	\$0
Federal Excise Taxes	\$560	\$616	\$616
Management Labor Costs	\$67,012	\$73,713	\$73,713
Operations Staff Labor Costs	\$11,481	\$12,629	\$12,629
Promotion Costs	\$5,100	\$5,610	\$5,610
Insurance	\$8,200	\$9,020	\$9,020
Wine Carrier Costs	\$2,000	\$2,200	\$2,200
Custom Mobile Bottling Costs	\$4,181	\$4,599	\$4,599
Lab Supplies	\$500	\$550	\$550
Office Supplies	\$2,500	\$2,750	\$2,750
Repairs and Maintenance	\$10,000	\$11,000	\$11,000
Property Taxes	\$9,000	\$9,900	\$9,900
Gasoline and Fuel	\$1,500	\$1,500	\$0
Depreciation	\$53,145	\$53,145	\$53,145
Total Expenses	\$185,098	\$198,144	\$196,644
Earnings Before Interest & Taxes (EBIT)	(\$84,863)	(\$70,275)	(\$124,041)
Interest	\$22,405	\$22,405	\$22,405
(Loan Int + Op. Loan Int)			
Earnings Before Taxes	(\$107,268)	(\$92,680)	(\$146,446)
Income Tax	25%	\$0	\$0
Net Income	(\$107,268)	(\$92,680)	(\$146,446)

Appendix H

Financial Ratios Calculator

	2009	2010	2011
Debt/Asset Ratio			
Enter Total Assets	\$550,897	\$544,527	\$798,726
Enter Total Liabilities	\$395,000	\$521,976	\$717,701
Ratio	72%	96%	90%
Current Ratio			
Enter Current Assets	\$74,440	\$121,216	\$428,560
Enter Current Liabilities	\$10,477	\$148,559	\$356,056
Ratio	\$7.10	\$0.82	\$1.20
Debt Coverage Ratio			
Enter Earning Before Taxes	\$0	\$0	\$0
Enter Depreciation	\$53,145	\$53,145	\$53,145
Enter Interest	\$27,410	\$43,426	\$22,405
Enter Income Taxes	\$0	\$0	\$0
Enter Annual Loan Payments	\$10,477	\$11,106	\$17,089
Ratio	\$7.69	\$8.70	\$4.42

Breakeven Calculator

	2009	2010	2011
Breakeven Bottles Sold			
Enter Total Fixed Cost per Year	\$105,179	\$142,344	\$119,455
Enter Average Retail Price per Bottle	\$17	\$17	\$17
Enter Average Variable Cost per Bottle	\$14	\$14	\$13
Breakeven Bottles to Sell	38382	43951	27862
Breakeven Cases Sold			
Enter Total Fixed Cost per Year	\$105,179	\$142,344	\$119,455
Enter Average Retail Price per Case	\$192	\$192	\$192
Enter Average Variable Cost per Case	\$169	\$163	\$150
Breakeven Cases to Sell	4612	4945	2888
Breakeven Customers			
Enter Total Fixed Cost per Year	\$105,179	\$142,344	\$119,455
Enter Average Amount Spend per Customer	\$17.00	\$19.00	\$20.00
Enter Average Variable Cost per Customer	\$15.00	\$15.00	\$14.00
Customers Needed to Breakeven	3287	4187	3513

Appendix I

Enterprise Budget by Wine Variety 2009 Vintage					
	Cabernet Franc	Petit Verdot	Chardonnay	Vidal Blanc	Blueberry Chardonnay
Total Revenue	\$18,988	\$19,169	\$28,587	\$22,343	\$46,690
Cost of Goods Sold	\$15,590	\$14,581	\$24,270	\$20,654	\$39,688
Gross Margin	\$3,398	\$4,588	\$4,317	\$1,689	\$7,002
Total Overhead Expenses (by percentage of bottles)	\$37,714	\$28,286	\$34,571	\$44,000	\$75,429
Earnings before interest and taxes (EBIT)	(\$34,316)	(\$23,698)	(\$30,255)	(\$42,311)	(\$68,427)
Interest (Loan Int. + Oper. Int.)	\$8,693	\$8,693	\$8,693	\$8,693	\$8,693
Earnings Before Taxes (EBT)	(\$43,009)	(\$32,391)	(\$38,948)	(\$51,004)	(\$77,119)
Income Taxes	25% \$0	\$0	\$0	\$0	\$0
Net Income by Wine Variety	(\$43,009)	(\$32,391)	(\$38,948)	(\$51,004)	(\$77,119)

Financial Assumptions

WINE					
BOTTLE SIZE	EQUIVALENT FLUID OUNCES	BOTTLES PER CASE	LITERS PER CASE	U.S. GALLONS PER CASE	CORRESPONDS TO
3 liters	101 Fl. Oz.	4	12.00	3.17004	4/5 Gallon
1.5 liters	50.7 Fl. Oz.	6	9.00	2.37753	2/5 Gallon
1.00 liters	33.8 Fl. Oz.	12	12.00	3.17004	1 Quart
750 milliliters	25.4 Fl. Oz.	12	9.00	2.37753	4/5 Quart
500 milliliters	16.9 Fl. Oz.	24	12.00	3.17004	1 Pint
375 milliliters	12.7 Fl. Oz.	24	9.00	2.37753	4/5 Pint
187 milliliters	6.3 Fl. Oz.	48	8.976	2.37119	2/5 Pint
100 milliliters	3.4 Fl. Oz.	60	6.00	1.58502	2,3 & 4 Oz.
50 milliliters	1.7 Fl. Oz.	120	6.00	1.585032	1, 1.6 & 2 Oz.
Official Conversion Factor: 1 Liter = 0.264172 U.S. Gallon					

Table taken from TTB.gov February 16, 2009

Federal Excise Tax Table

Wine	Wine Gallon	750ml bottle
14% Alcohol or Less	\$1.07 ¹	\$0.21
Over 14 to 21%	\$1.57 ¹	\$0.31
Over 21 to 24%	\$3.15 ¹	\$0.62
Naturally Sparkling	\$3.40	\$0.67
Artificially Carbonated	\$3.30 ¹	\$0.65
Hard Cider	\$0.226 ¹	\$0.04

(¹ \$0.90 credit, or for hard cider \$0.056, may be available for the first 100,000 gallons removed by a small winery producing not more than 150,000 w.g. per year. Decreasing credit rates for a winery producing up to 250,000 w.g. per year.)

Table taken from TTB.gov February 16, 2009

Appendix J

Virginia ABC Licenses:

1. Shippers Licenses \$65 and \$ 65 application fee
Notes: Allows me to ship 2 cases of wine per customer in the Commonwealth of Virginia through a designated distributor
2. Winery \$189 and \$ 65 application fee
Note: 5000 gallons or less of wine per year

TTB Licenses:

1. Application to Establish and Operate Wine Premises (Form 5120.25)
2. Application for Basic Permit (Form 5100.24)
3. Wine Bond (Form 5120.36)
4. Environmental (Forms 5000.29)
5. Supplemental Information on Water Quality Considerations Form (5000.30)
6. Signature Authority:
 - a. Power of Attorney Form (5000.8), or
 - b. Signing Authority for Corporate and LLC Officials (Form 5100.1), or
 - c. Signing Authority in Organizational Documents
7. Special Tax Registration (Form 5630.5) (Registration only – No Tax Due)
8. Trade Name Registration for the company's Operating Trade Name and any additional Bottling Trade Names
9. Diagram of bonded wine premises from all alternating proprietor hosts and tenants. A diagram is not required from non-alternating applicants, but it is quite helpful during TTB's processing of your application.
10. Alternating Proprietor agreement or contract, if alternating
11. Lease agreement, if any
12. Organizational documents (articles of incorporation, partnership agreement, etc), as applicable

Augusta County Licenses, Taxes, and Fees

1. Meals Tax 4% of the gross amount paid on beverages whether consumed on or off premise
2. Land Use Tax Assessment- \$12 application fee and \$.12 per acre. Allows you to roll back taxes on land for past 5 years (if qualified for)
3. Real Estate Taxes

Bottling and Labeling

Mobile Bottling Average Costs - \$2.26 per case

<http://www.winesandvines.com/template.cfm?section=features&content=60433>

Date Accessed March 4, 2009

Packaging Costs

Bottle Prices from Waterloo Container

Closures and Capsules from Presque Isle Wine Supplies

Yield

1 ton of grapes/fruit makes approximately 145-150 gallons of wine

Appendix J

Grape and Fruit Cost Per Ton

Grape or Fruit	Tonnage Cost
Cabernet Franc	1650
Petit Verdot	1820
Chardonnay	1600
Vidal Blanc	1500
Blueberry	2500

7 % Price Increase from 2005 to 2008

<http://www.ext.vt.edu/news/periodicals/viticulture/07janfeb/07janfeb.html>

Date Accessed March 9, 2009

Grape Contract Installments

Pay 1/3 in May

Pay 2/3 in September

Winery Establishment Worksheets

Winery Supplies from Presque Isle, More Wine, and Cornell Business Plan Guide with a 3% Yearly Inflation Rate

Rental for 2011

10 Weddings

20 Business Meetings

Appendix J

Fermentation Tanks Needed				
Year 2010				
	Cases	Gallons per Case	Total Gallons	Tank Size
Cabernet Franc	300	2.37753	763	
Petit Verdot	225	2.37753	572	
Chardonnay	275	2.37753	700	
Vidal Blanc	350	2.37753	890	
Blueberry Chardonnay	600	1.18877	763	
Other			0	
Total Cases	1750			
Year 2011				
Cabernet Franc	325	2.37753	827	
Petit Verdot	240	2.37753	611	
Chardonnay	285	2.37753	725	
Vidal Blanc	375	2.37753	954	
Blueberry Chardonnay	625	1.18877	795	
Other			0	
Total Cases	1850			
Year 2012				
Cabernet Franc	375	2.37753	954	1000 - 1500
Petit Verdot	280	2.37753	712	700 - 1200
Chardonnay	320	2.37753	814	900 - 1400
Vidal Blanc	425	2.37753	1081	1000 - 1500
Blueberry Chardonnay	675	1.18877	859	1000 - 1600
Other			0	
Total Cases	2075			

Accounts for 7% Aging Loss

1.07

Appendix J

Oak Barrels Needed			
Year 2010			
	Total Gallons	Quantity per Barrel (gal)	Total Barrels
Cabernet Franc	763	59	13
Petit Verdot	572	59	10
Chardonnay	700		#DIV/0!
Vidal Blanc	890		#DIV/0!
Blueberry Chardonnay	763		#DIV/0!
Other	0		#DIV/0!
Year 2011			
Cabernet Franc	827	59	14
Petit Verdot	611	59	10
Chardonnay	725		#DIV/0!
Vidal Blanc	954		#DIV/0!
Blueberry Chardonnay	795		#DIV/0!
Other	0		#DIV/0!
Year 2012			
Cabernet Franc	954	59	16
Petit Verdot	712	59	12
Chardonnay	814		#DIV/0!
Vidal Blanc	1081		#DIV/0!
Blueberry Chardonnay	859		#DIV/0!
Other	0		#DIV/0!

Appendix K

Plat Map

111 Winery Lane

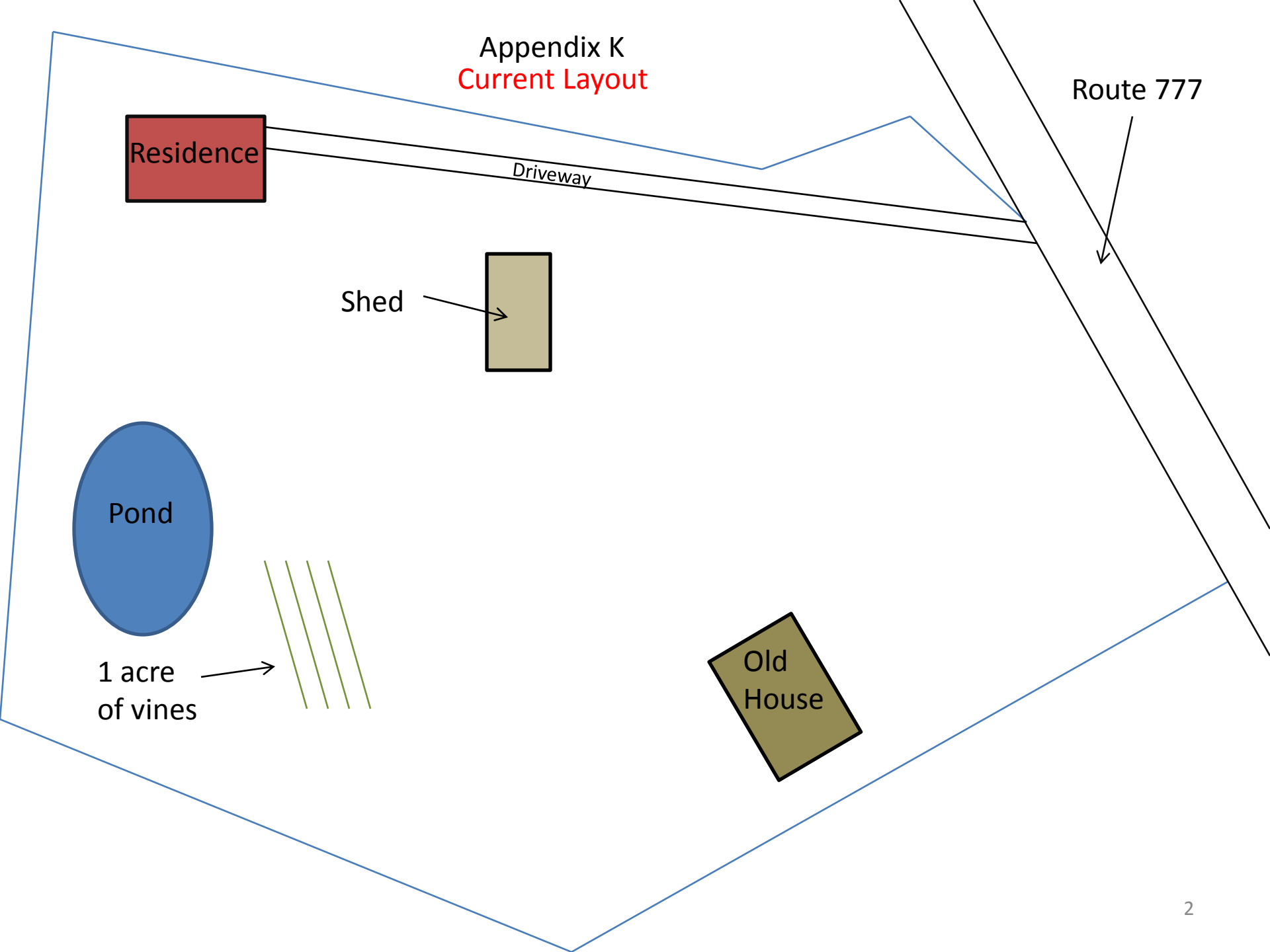
Churchville, VA 11111

Route 777

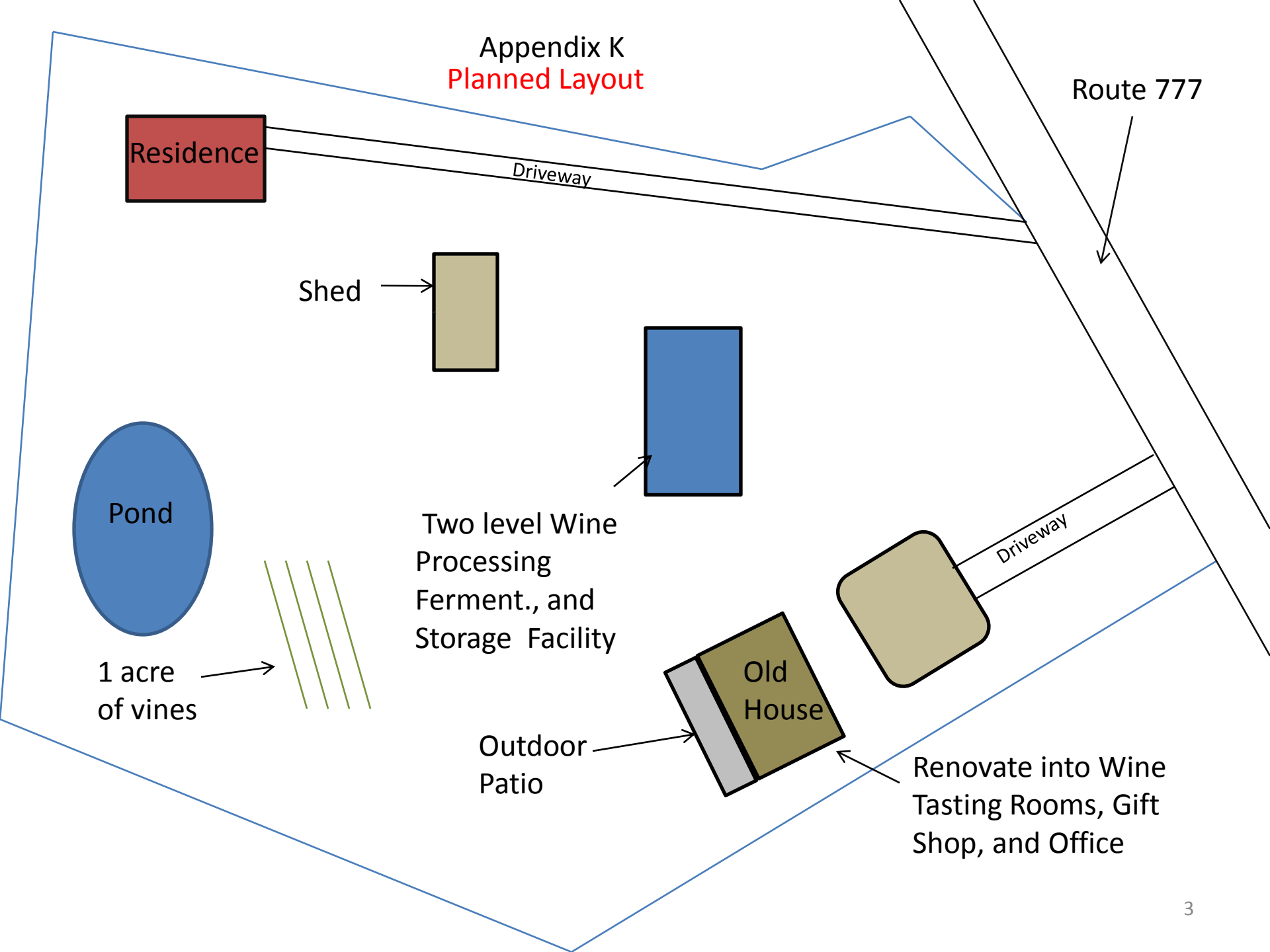


30 Acres Parcel

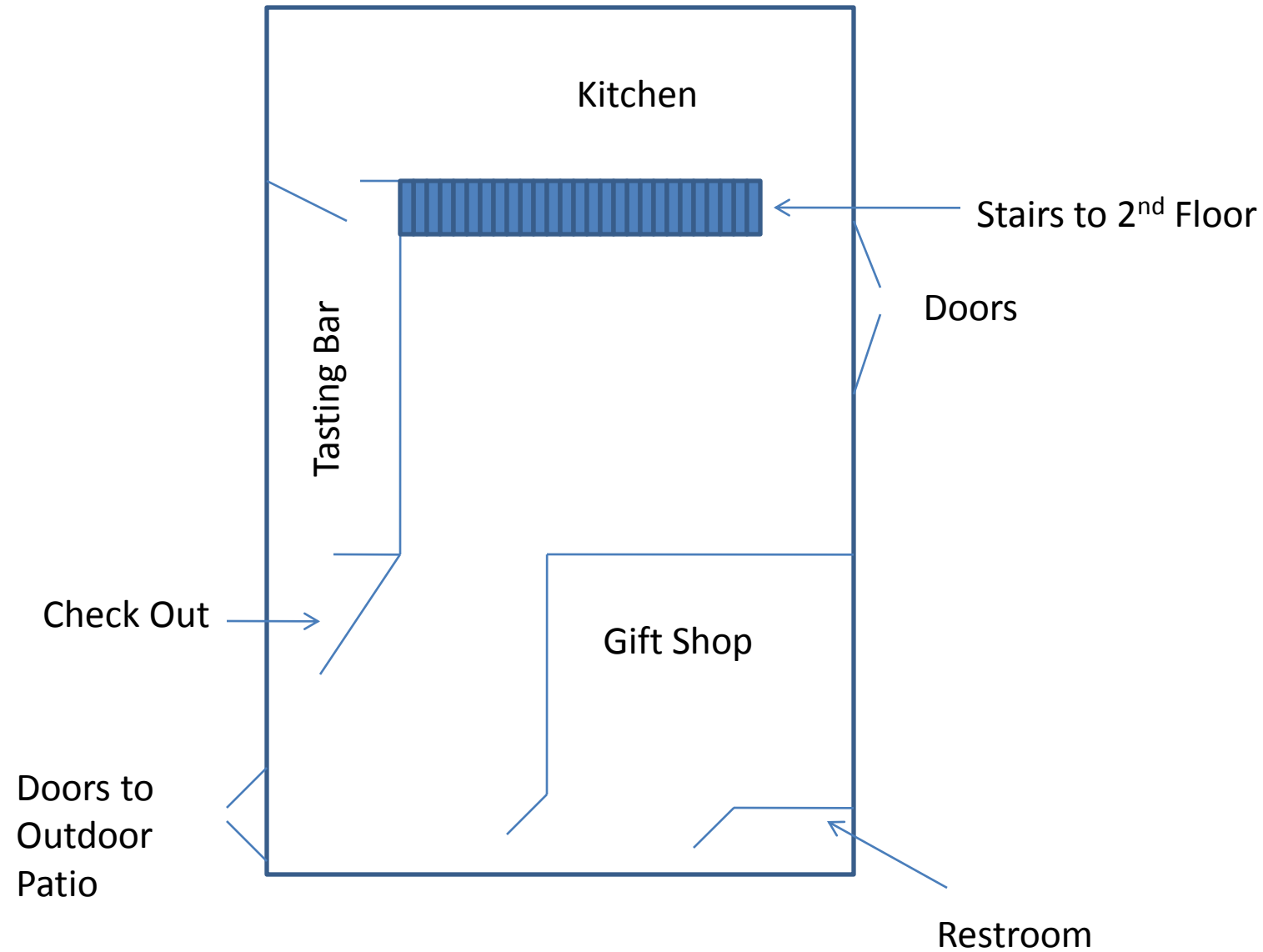
Appendix K
Current Layout



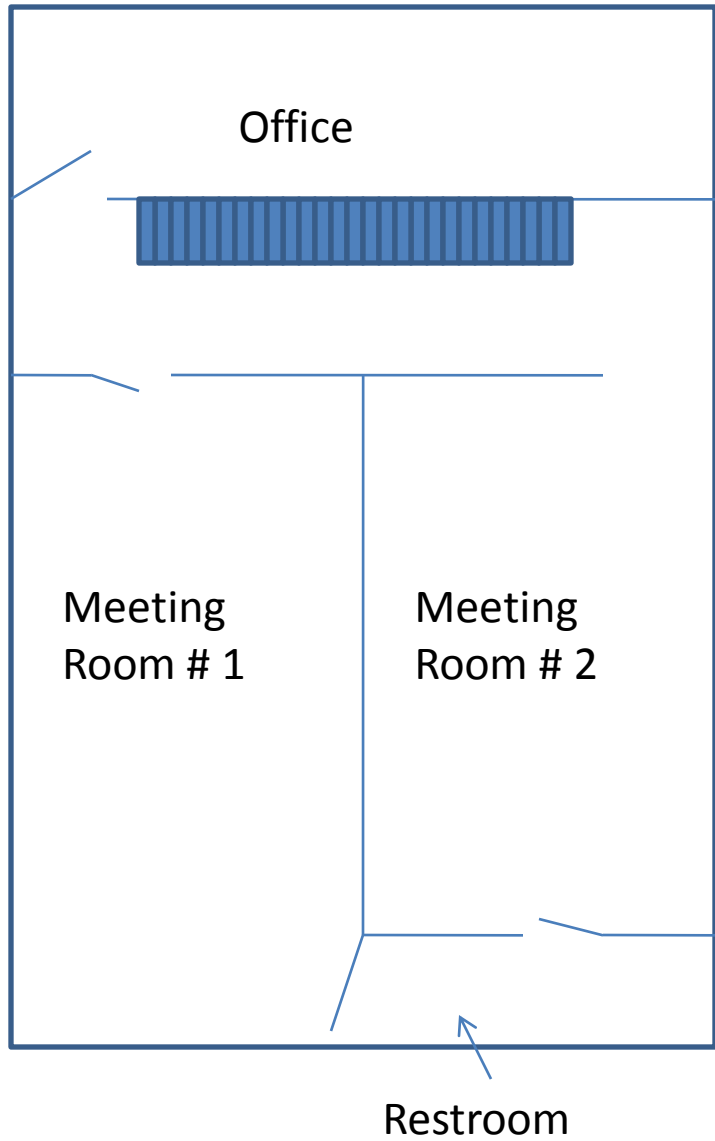
Appendix K
Planned Layout



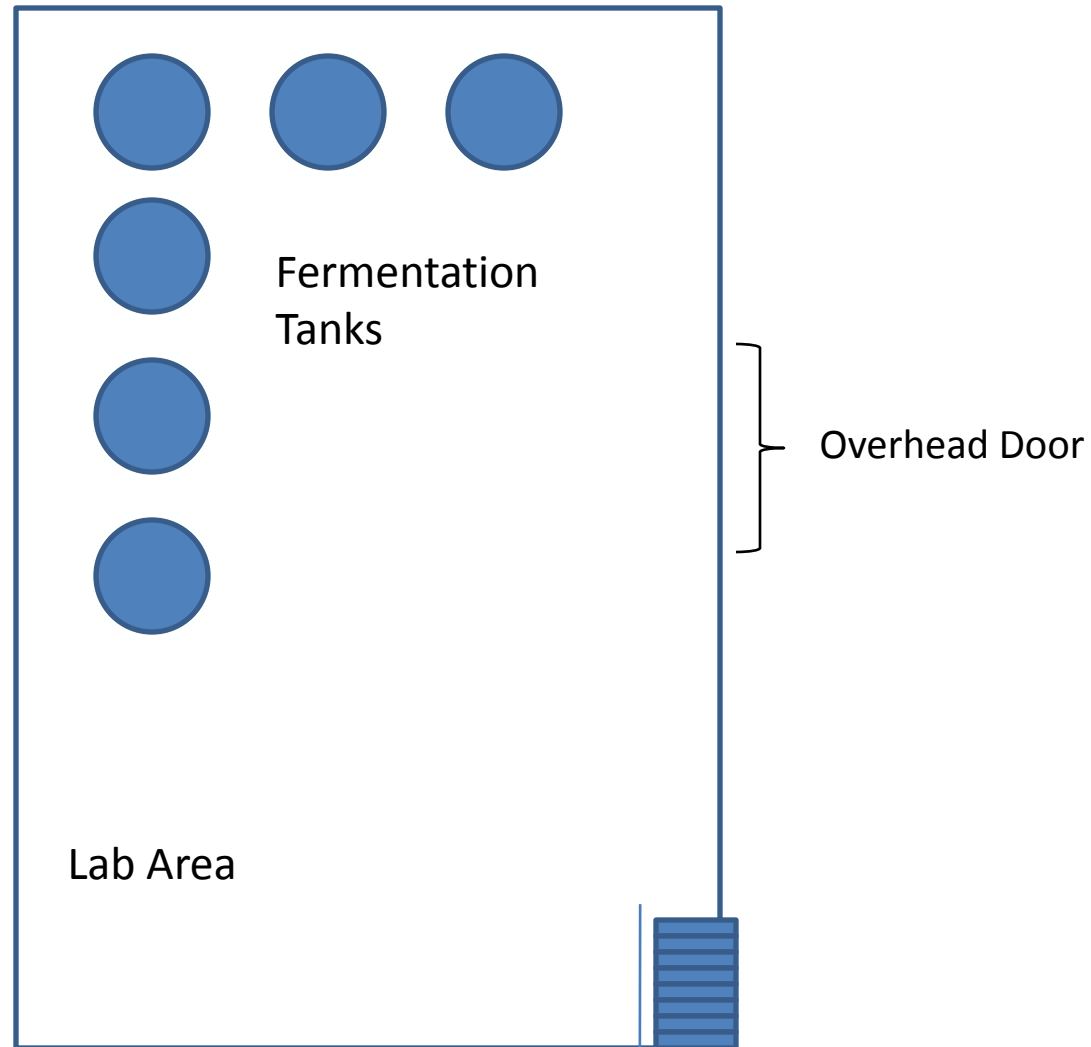
Appendix K
Tasting Room First Story



Appendix K
Tasting Room Second Story



Appendix K
1st Level of Wine Processing, Fermentation, and Storage Facility



Appendix K
2nd Level of Wine Processing, Fermentation. and Storage Facility

